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No. 82-

IN THE

Supreme Court of the United States

OCTOBER TERM, 1982

AMFAC FOODS, INC.,

Petitioner,

v.

ORE-IDA FOODS, INC.,

Respondent.

Petition for a Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit

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QUESTIONS PRESENTED

1. Whether a federal court of appeals is bound by the "clearly erroneous standard" of Fed. R. Civ. P. 52(a) in reviewing a district court's finding on the issue of patent infringement.

2. Whether a court of appeals can arrogate the fact-finding function on the issue of patent infringement when it concludes that the underlying facts are not in dispute, though they were produced at an extended trial.

PARTIES INVOLVED

The parties involved in this petition are Amfac Foods, Inc., petitioner, and Ore-Ida Foods, Inc., respondent. The parents, subsidiaries, and affiliates of petitioner are set forth in Appendix F, *infra*, pp. 27a-28a.

TABLE OF CONTENTS

	Page
QUESTIONS PRESENTED	i
PARTIES INVOLVED	ii
TABLE OF AUTHORITIES	iv
OPINIONS BELOW	1
JURISDICTION	1
STATUTORY PROVISION AND RULE INVOLVED	2
STATEMENT	2
REASONS FOR GRANTING THE WRIT	4
I. The Decision Below Is In Conflict With Decisions Of This Court As To The Applicability Of Fed. R. Civ. P. 52(a) In Patent Infringement Cases	4
II. The Decision Below Raises An Important And Recurring Problem Concerning The Scope Of Appellate Review In Patent Infringement Cases.	10
CONCLUSION	13
APPENDIX A (Opinion of the Court of Appeals)	1a
APPENDIX B (Findings of Fact and Conclusions of Law of the District Court)	7a
APPENDIX C (Order of the District Court)	21a
APPENDIX D (Judgment of the Court of Appeals)	23a
APPENDIX E (Order Denying Petition for Rehearing)	25a
APPENDIX F (List of Parents, Subsidiaries, and Affiliates of Petitioner)	27a

TABLE OF AUTHORITIES

CASES:	Page
Alpha Industries, Inc. v. Alpha Steel Tubes & Shapes, Inc., 616 F.2d 440 (9th Cir. 1980)	10
Amfac Foods, Inc. v. J.R. Simplot Co., 203 U.S.P.Q. (BNA) 978 (D. Idaho 1978)	3
CS&M, Inc. v. Covington Brothers Technologies, 678 F.2d 118 (9th Cir. 1982)	7
Custom Paper Products Co. v. Atlantic Paper Box Co., 469 F.2d 178 (1st Cir. 1972)	7
East v. Romine, Inc., 518 F.2d 332 (5th Cir. 1975)	8
Elby's Big Boy of Steubenville, Inc. v. Frisch's Restaurants, Inc., No. 81-2012 (petition for certiorari filed April 29, 1982)	10
Foster Cathead Co. v. Hasha, 382 F.2d 761 (5th Cir. 1967), *cert. denied*, 390 U.S. 906	11
Frisch's Restaurants, Inc., v. Elby's Big Boy of Steubenville, Inc., 670 F.2d 642 (6th Cir. 1982)	10
Funk Brothers Seed Co. v. Kalo Inoculant Co., 333 U.S. 127	12
Galena Oaks Corp. v. Scofield, 218 F.2d 217 (5th Cir. 1954)	9
Graver Tank & Mfg. Co. v. Linde Air Products Co., 339 U.S. 605	4,5,6, 9,10,11
Horton v. United States Steel Corp., 286 F.2d 710 (5th Cir. 1961)	6
Industrial Instrument Corp. v. Foxboro Co., 307 F.2d 783 (5th Cir. 1962), *modified*, 310 F.2d 686 (5th Cir. 1963)	8,9

	Page
Inwood Laboratories, Inc. v. Ives Laboratories, Inc., 102 S.Ct. 2182	11
Pendergrass v. New York Life Ins. Co., 181 F.2d 136 (8th Cir. 1950)	12
Pullman-Standard v. Swint, 102 S.Ct. 1781	6,9,11
Sakraida v. Ag Pro, Inc., 425 U.S. 273	12
Singer Manufacturing Co. v. Cramer, 192 U.S. 265	6
United States v. Singer Mfg. Co., 374 U.S. 174	7
United States v. United States Gypsum Co., 333 U.S. 364	7
Up-Right, Inc. v. Safway Products, Inc., 315 F.2d 23 (5th Cir. 1963)	8
Wilson v. Barnum, 8 Howard 258	5
STATUTES AND RULES:	
28 U.S.C. § 1254(1)	2
28 U.S.C. § 1338(a)	3
35 U.S.C. § 271(a)	2,4
Fed. R. Civ. P. 52	8,9,12
Fed. R. Civ. P. 52(a)	2,4,5,6, 7,8,9,10, 11,12,13
OTHER AUTHORITIES:	
Fed. R. Civ. P. 52 advisory committee note	7
1 Gilson, *Trademark Protection and Practice* § 8.14 (1982)	10
5A J. Moore & J. Lucas, *Moore's Federal Practice* ¶ 52.05[2] (2d ed. 1982)	10
Nangle, *The Ever Widening Scope of Fact Review in Federal Appellate Courts—Is the "Clearly Erroneous Rule" Being Avoided?*, 59 Wash. U.L.Q. 409 (1981)	12
9 C. Wright & A. Miller, *Federal Practice and Procedure* § 2587 (1971)	8

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Petition For a Writ Of Certiorari
To The United States Court of Appeals
For The Ninth Circuit

The petitioner, Amfac Foods, Inc., respectfully prays that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Ninth Circuit entered in this proceeding on April 2, 1982.

OPINIONS BELOW

The memorandum opinion of the Court of Appeals is not reported; it is set forth in Appendix A, *infra*, pp. 1a-5a. The opinion of the United States District Court for the District of Idaho is reported at 210 U.S.P.Q. (BNA) 553 (D. Idaho 1980). It appears in Appendix B, *infra*, pp. 7a-20a.

JURISDICTION

The judgment of the Court of Appeals for the Ninth Circuit, which was entered on April 2, 1982, is set forth in Appendix D, *infra*, p. 23a. A timely petition for rehearing and

suggestion for rehearing en banc was denied by an order entered on June 17, 1982. The order appears in Appendix E, *infra*, p. 25a. This Court's jurisdiction is invoked under 28 U.S.C. § 1254(1).

STATUTORY PROVISION AND RULE INVOLVED

35 U.S.C. § 271(a):

> Except as otherwise provided in this title, whoever without authority makes, uses or sells any patented invention, within the United States during the term of the patent therefor, infringes the patent.

Fed. R. Civ. P. 52(a):

> In all actions tried upon the facts without a jury or with an advisory jury, the court shall find the facts specially and state separately its conclusions of law thereon, and judgment shall be entered pursuant to Rule 58; and in granting or refusing interlocutory injunctions the court shall similarly set forth the findings of fact and conclusions of law which constitute the grounds of its action. Requests for findings are not necessary for purposes of review. Findings of fact shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses. The findings of a master, to the extent that the court adopts them, shall be considered as the findings of the court. If an opinion or memorandum of decision is filed, it will be sufficient if the findings of fact and conclusions of law appear therein. Findings of fact and conclusions of law are unnecessary on decisions of motions under Rules 12 or 56 or any other motion except as provided in Rule 41(b).

STATEMENT

Petitioner, Amfac Foods, Inc., is a Delaware corporation with its principal place of business in Portland, Oregon.

Through Lamb-Weston, Inc., a wholly-owned subsidiary, petitioner is engaged in the processing of potatoes.[1] Petitioner was the successor-in-interest to two patents—Nos. 3,109,468 and 3,116,772.[2] The patents involve methods of, and an apparatus for, processing potatoes into French fry strips which are then treated, frozen, and sold to both institutional and retail markets.

Respondent, Ore-Ida Foods, Inc., is a Delaware corporation with its principal place of business in Boise, Idaho. Respondent is also engaged in the business of processing potatoes. In 1976, respondent began using a potato processing machine, which it called the "Box Cutter," in its commercial operations.

In 1978, petitioner, alleging that respondent's Box Cutter infringed the two patents referred to above, brought an action for patent infringement in the United States District Court for the District of Idaho. The jurisdiction of the district court was invoked under 28 U.S.C. § 1338(a).

After a ten-day trial to the court, the district judge granted petitioner's request for injunctive relief and ordered an accounting.[3] The district judge, after considering extensive oral and documentary evidence, including the testimony of experts on both sides, held that both patents were valid[4] and that respondent's Box Cutter had infringed several claims in these patents. More specifically, the judge found that the Box Cutter was equivalent to the mechanism described in claims 1, 2, and 4 of petitioner's method patent and that it employed elements which were equivalent to claims 8 and 24 of petitioner's apparatus patent.

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[1] At the time of trial, Lamb-Weston was a division of petitioner.

[2] Patent No. 3,109,468 (the "apparatus" patent) was issued on November 5, 1963. Patent No. 3,116,772 (the "method" patent) was issued on January 7, 1964. Both patents have now expired.

[3] The injunction was stayed by the court of appeals pending appeal after the district court had denied a stay.

[4] The district court noted that, because the same patents had been found valid (by another judge) in *Amfac Foods, Inc. v. J. R. Simplot Co.*, 203 U.S.P.Q. (BNA) 978 (D. Idaho 1978), a presumption of their validity attached. In the *Simplot* case, the district court found that these two patents were infringed by Simplot's machine, which had many of the same features as respondent's Box Cutter.

Respondent appealed to the United States Court of Appeals for the Ninth Circuit, which reversed the judgment, vacated the injunction, and remanded the case to the district court with instructions to dismiss the complaint with prejudice. The court, which addressed only the issue of infringement, set forth the standard of review it employed:

> Although infringement is generally a question of fact, where, as here, the facts are not in dispute, both the question of infringement and the question of the scope of the patent claims are freely reviewable questions of law. *Hanson v. Colliver,* 282 F.2d 66, 69 (9th Cir. 1960); *Del Francia v. Stanthony Corp.,* 278 F.2d 745, 747, 748 n.5 (9th Cir. 1960).

Appendix A, *infra,* pp. 1a-2a. After independently evaluating the evidence presented, the court of appeals made its own finding that there was neither literal infringement nor equivalency, and concluded: "The Ore-Ida Box Cutter does not, as a matter of law, infringe any of the claims at issue in the Amfac 'method' or 'apparatus' patents." Appendix A, *infra,* p. 5a.

REASONS FOR GRANTING THE WRIT

I. The Decision Below Is In Conflict With Decisions Of This Court As To The Applicability Of Fed. R. Civ. P. 52(a) In Patent Infringement Cases.

This Court has long held that the determination of whether an accused machine infringes a patented device, i.e., whether there is substantial identity between the two,[5] is a question of

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[5] A violation of 35 U.S.C. § 271(a) can be established by proving either literal infringement or that the accused device is the "equivalent" of the patented invention. "If [the] accused matter falls clearly within the [words of the] claim, infringement is made out and that is the end of it .... [In addition, an accused machine is the equivalent of a patented device] 'if it performs substantially the same function in substantially the same way to obtain the same result.' *Sanitary Refrigerator Co. v. Winters,* 280 U.S. 30, 42." *Graver Tank & Mfg. Co. v. Linde Air Products Co.,* 339 U.S. 605, 607-8.

fact. *Wilson v. Barnum*, 8 Howard 258. Indeed, in *Graver Tank & Mfg. Co. v. Linde Air Products Co.*, 339 U.S. 605, this Court, in unequivocal language, stated:

> *A finding of equivalence is a determination of fact.* Proof can be made in any form: through testimony of experts or others versed in the technology; by documents, including texts and treaties; and, of course, by the disclosures of the prior art. Like any other issue of fact, final determination requires a balancing of credibility, persuasiveness and weight of evidence. *It is to be decided by the trial court and that court's decision, under general principles of appellate review, should not be disturbed unless clearly erroneous.* Particularly is this so in a field where so much depends upon familiarity with specific scientific problems and principles not usually contained in the general storehouse of knowledge and experience.
>
> * * *
>
> *It is not for this Court to even essay an independent evaluation of this evidence. This is the function of the trial court.*

Id. at 609-11 (emphasis added).

In the instant case, the Ninth Circuit, in reviewing the district court's finding of equivalency, did not follow the standard of review set forth in Rule 52(a). The court concluded that the underlying facts were not in dispute,[6] and on this basis held that the issue of infringement was a freely reviewable question of law. The Ninth Circuit made its own

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[6] The court of appeals' conclusion that the facts were not in dispute is not supported by the record. The district judge, in the course of a ten-day trial, was presented with extensive oral and documentary evidence. The judge heard testimony, including the presentations of experts on both sides, which was in sharp disagreement. In resolving the conflicts, the judge, ultimately, drew an inference on the issue of equivalency which had adequate support in the record. Under these circumstances, the court of appeals' arrogation of the fact-finding role, in the teeth of Fed. R. Civ. P. 52(a) and this Court's decision in the *Graver Tank & Mfg. Co.* case, is insupportable.

independent evaluation of the evidence presented, and concluded that respondent's Box Cutter did not infringe the patents in question.

The court of appeals' decision is in direct conflict with applicable decisions of this Court. Despite the clear teaching of *Graver Tank*, the Ninth Circuit reversed factual findings on the issue of infringement without having found them to be clearly erroneous and without having found them to be unreasonable as a matter of law. Although the clearly erroneous rule does not apply to findings made under a mistaken view of the controlling legal principles, the court of appeals did not suggest that the district judge used an incorrect legal standard.[7] Furthermore, the court of appeals did not suggest that the district judge's findings were not reasonably supported by the evidence. And, when conflicting inferences can reasonably be drawn, the initial determination of factual questions must be left to the tribunal charged with that responsibility. Since there was no suggestion that the district judge used the wrong legal standard and no suggestion that the district judge's findings on the issue of infringement were unreasonable as a matter of law,[8] the findings came to the court of appeals "well armed with the buckler and shield"[9] of Rule 52(a).

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[7] If findings of fact on the issue of infringement had been set aside for an error of law, the court of appeals would have been required to remand "for further proceedings to the tribunal charged with the task of fact-finding in the first instance." *Pullman-Standard v. Swint*, 102 S.Ct. 1781, 1792. In *Pullman-Standard*, this Court emphasized that fact-finding is the basic responsibility of trial courts, and that, "where findings are infirm because of an erroneous view of the law, a remand is the proper course unless the record permits only one resolution of the factual issue." *Id.*

[8] As with all factual findings, there may be instances in which the determination of equivalency can be made as a matter of law. For example, in *Singer Manufacturing Co. v. Cramer*, 192 U.S. 265, this Court found that the question of infringement was one of law. This was so, because the inference to be drawn from the undisputed facts was so clear that the defendant was entitled to a directed verdict. However, when conflicting inferences can reasonably be drawn, the initial determination must be left to the finder of fact.

[9] *Horton v. United States Steel Corp.*, 286 F.2d 710, 713 (5th Cir. 1961).

The court of appeals' failure to accord the district judge's findings the deference required by Fed R. Civ. P. 52(a) was premised upon a fundamental misreading of the law. The court concluded that the ultimate question of infringement resolves into a question of law when the underlying facts are not in dispute. This view,[10] which appears to be based on the notion that factual inferences from documentary evidence or undisputed facts are not subject to the clearly erroneous standard of Rule 52(a), is inconsistent with decisions of this Court.

Despite a great deal of confusion in the lower courts,[11] it is manifest that Fed. R. Civ. P. 52(a) applies "to *all classes of findings* in cases tried without a jury whether the finding is of a fact concerning which there was conflict of testimony, *or of a fact deduced or inferred from uncontradicted testimony.*" Fed. R. Civ. P. 52 advisory committee note (emphasis added). Although the trial judge's opportunity to make credibility determinations may require an appellate court to give special deference to factual findings, Rule 52(a) is not inapplicable when credibility evaluations play a less prominent role in a lawsuit. As this Court has stated: "In so far as this finding and others to which we shall refer are inferences drawn from documents or undisputed facts, . . . , Rule 52(a) of the Rules of Civil Procedure is applicable." *United States v. United States Gypsum Co.*, 333 U.S. 364, 394; *see United States v. Singer Mfg. Co.*, 374 U.S. 174, 194 n.8.

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[10] That the decision below represents the law in the Ninth Circuit was made clear in *CS&M, Inc. v. Covington Brothers Technologies*, 678 F.2d 118 (9th Cir. 1982). In *CS&M*, decided shortly after the decision below, the Ninth Circuit, citing the same two cases upon which the panel below relied, reiterated its position that infringement is a question of law when the underlying facts are not in dispute.

[11] There is much uncertainty in the lower courts as to whether Rule 52(a) applies to findings based solely upon documentary evidence. In *Custom Paper Products Co. v. Atlantic Paper Box Co.*, 469 F.2d 178, 179 (1st Cir. 1972), a case involving issues of patent validity and infringement, the court addressed the issue:

> Before proceeding to the merits we dispose of a procedural issue raised by Hincher. Because the evidence was all documentary and by depositions and affidavits, he urges us to review the evidence de novo and make our own findings. Some courts have

(*footnote continues*)

Thus, the Ninth Circuit's justification for disregarding Fed. R. Civ. P. 52(a) cannot withstand scrutiny. In addition, the other rationale used to justify circumvention of Rule 52(a), i.e., the characterization of patent infringement as an *ultimate* fact,[12] is also inconsistent with the decisions of this Court. In *Industrial Instrument Corp. v. Foxboro Co.*, 307 F.2d 783 (5th Cir. 1962), *modified*, 310 F.2d 686 (5th Cir. 1963), the Fifth Circuit, in reversing a finding on the issue of equivalency, explained the ultimate fact theory: "*We may reverse free of the clearly erroneous rule where, as is the case here, the issue revolves around an ultimate fact question* as distinguished from subsidiary fact questions, or where mixed questions of law and fact are presented when there is error as to the law. Galena Oaks Corporation v. Scofield, 1954, 5 Cir., 218 F.2d 217." *Id.* at 786 n.2 (emphasis added). This rationale is in direct conflict with the express language of Fed. R. Civ. P. 52 and the

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(*footnote continued*)

> taken this approach. *See* Nasco Inc. v. Vision-Wrap, Inc., 7 Cir., 1965, 352 F.2d 905, 908; Orvis v. Higgins, 2 Cir., 1950, 180 F.2d 537, 539, cert. denied 340 U.S. 810 .... Others, while shrinking from a de novo hearing on appeal, have suggested that in this situation something less than the "clearly erroneous" standard of review, F. R. Civ. P. 52(a), is appropriate. *See, e.g.*, Caradelis v. Refineria Panama, 5 Cir., 1967, 384 F.2d 589, 593-594. We have not taken either view. *See* Texas Co. v. R. O'Brien & Co., 1 Cir., 1957, 242 F.2d 526, 529; Leach v. Crucible Center Co., 1 Cir., 1968, 388 F.2d 176, 179, and do not propose to.

As one commentator has stated:

> The main unsettled question in the construction of Rule 52 is whether the deference that must normally be paid to the findings by the trial court applies when the finding rests on an inference drawn from undisputed facts or documentary evidence. Despite the clear language of the rule, two Notes by the Advisory Committee, and pointed expressions from the Supreme Court, the authorities are indescribably confused. Even within a single circuit, decisions vacillate inexplicably from one test to another.

9 C. Wright & A. Miller, *Federal Practice and Procedure* § 2587 at 740 (1971) (footnote omitted).

[12] The Fifth Circuit, which has also stated that infringement is a question of law when the basic facts are not in dispute, *Up-Right, Inc. v. Safway Products, Inc.*, 315 F.2d 23 (5th Cir. 1963), has likewise characterized patent infringement as an "ultimate" fact. *East v. Romine, Inc.*, 518 F.2d 332, 339 (5th Cir. 1975).

decisions of this Court which establish that a factual finding, even on an *ultimate* fact such as infringement or equivalency, does not become a freely reviewable conclusion of law when the court of appeals asserts that the underlying facts upon which the finding is based are not in dispute.[13]

This Court has recently declared the demise of the theory that Fed. R. Civ. P. 52(a) does not apply to "ultimate" facts. In rejecting the Fifth Circuit's rule with respect to "ultimate" facts in a Title VII context, this Court stated: "[Rule 52] does not divide facts into categories; in particular, it does not divide findings of fact into those that deal with 'ultimate' and those that deal with 'subsidiary' facts." *Pullman-Standard v. Swint*, 102 S. Ct. 1781, 1789.[14] Therefore, reliance on the ultimate fact theory to avoid the requirements of Rule 52 in the patent infringement context is no longer justified.

In sum, the decision below is in conflict with both Rule 52(a) and the decisions of this Court as to the applicability of the clearly erroneous standard in patent cases. Moreover, the decision adds to an area of uncertainty and confusion in the law in the lower courts. This Court should grant this petition in order to clarify Rule 52(a)'s applicability to a finding of patent infringement.

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[13] The characterization of a finding as legal or factual, which determines the applicability of Rule 52(a), can be difficult. The problem is made more complex because certain issues are characterized as mixed questions of law and fact. And, as this Court has recently noted, there is substantial authority in the circuits on both sides of the issue of the applicability of Rule 52(a) to mixed questions of law and fact. *Pullman-Standard v. Swint*, 102 S. Ct. 1781, 1790 n.19. The short answer to the characterization issue here is that this Court has already resolved the question. This Court has stated that, because "[a] finding of equivalence is a determination of fact," *Graver Tank & Mfg. Co., supra*, at 609, the clearly erroneous standard applies to a district court's finding on the issue.

[14] The Fifth Circuit's rule rejected in *Pullman-Standard* was based on the same case—*Galena Oaks Corp. v. Scofield*, 218 F.2d 217 (5th Cir. 1954)—relied upon in *Industrial Instrument* to justify freely reviewing a district court's finding on the issue of equivalency.

II. The Decision Below Raises An Important And Recurring Problem Concerning The Scope Of Appellate Review In Patent Infringement Cases.

The Ninth Circuit's circumvention of Fed. R. Civ. P. 52(a) raises an important problem concerning the scope of appellate review in patent infringement cases. This Court, in emphasizing that general principles of appellate review apply to findings of equivalency, has made it clear that the clearly erroneous rule has a particularly vital role to play in the patent context. *Graver Tank & Mfg. Co., supra,* at 610. The fact-specific nature of the litigation, particularly when it involves the doctrine of equivalents, suggests that there is an especial need for deference to the fact-finder. Thus, the court of appeals' rejection of the clearly erroneous standard is of especial concern.

The decision below also raises a problem which has continued to perplex the lower courts. As the Ninth Circuit's decision illustrates, the proper application of Rule 52(a) has been a source of confusion in patent suits. It has been especially difficult to determine whether a particular issue is one of fact or law.[15] In addition, this problem recurs continually

[15] "But where 'fact' ends and 'law' takes over is particularly troublesome in patent litigation." 5A J. Moore & J. Lucas, *Moore's Federal Practice* ¶ 52.05[2] at 2697-9 (2d ed. 1982) (footnote omitted). Although it is particularly vexing in the patent area, the difficulty of determining whether an issue is factual or legal is a constant source of confusion. For example, in the trademark area, there is a conflict among the circuits as to whether a finding on the "likelihood of confusion" issue is a question of fact or law, or a mixed question of fact and law. 1 Gilson, *Trademark Protection and Practice* § 8.14 (1982) (noting split in the circuits on this issue). The corollary issue—whether a court of appeals is bound by the clearly erroneous standard of Fed. R. Civ. P. 52(a) in reviewing a finding of likelihood of confusion—is raised in a case presently pending before this Court. *Elby's Big Boy of Steubenville, Inc. v. Frisch's Restaurants, Inc.*, No. 81-2012 (petition for certiorari filed April 29, 1982). In *Frisch's Restaurants, Inc. v. Elby's Big Boy of Steubenville, Inc.*, 670 F.2d 642 (6th Cir. 1982), the Sixth Circuit relied on a Ninth Circuit case, *Alpha Industries, Inc. v. Alpha Steel Tube & Shapes, Inc.*, 616 F.2d 440 (9th Cir. 1980), in concluding that the ultimate determination of likelihood of confusion is a legal conclusion freely reviewable by an appellate court.

because the fact/law issue and its corollary—which standard of review should be employed—arise in virtually every patent case.

As a result of this confusion, the courts of appeals have exercised an ever-widening scope of review in patent litigation.[16] And, this overly expansive exercise of appellate review produces a number of adverse consequences.

This Court has recently emphasized that adherence to Fed. R. Civ. P. 52(a) is essential to an appropriate allocation of responsibilities between the district courts and the courts of appeals.[17] Continued circumvention of Rule 52(a) in the patent context threatens to disrupt both the appropriate balance between the trial and appellate courts and the orderly administration of patent adjudication.

The adverse consequences which can flow from an overly expansive exercise of appellate review have long been recognized. As Judge Sanborn, one of the great judges of the Eighth Circuit, stated:

> The entire responsibility for deciding doubtful fact questions in a nonjury case should be, and we think it

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[16] Even after *Graver Tank & Mfg. Co.*, other courts of appeals, in addition to the Ninth Circuit, have circumvented Rule 52(a) in reviewing findings on the issue of infringement. *See, e.g., Foster Cathead Co. v. Hasha*, 382 F.2d 761, 766 (5th Cir. 1967), *cert. denied*, 390 U.S. 906 ("We conclude, from a detailed review of the testimony and the exhibits in the case, that there has been no infringement. The structures involved in the patent in suit and Foster's Model 77 spinner are relatively simple mechanical devices, and their manner of operation is undisputed. While infringement is usually a question of fact, that rule is subject to the exception that where, as here, the findings of infringement *vel non*, are based on inferences drawn from exhibits, documents, and uncontradicted testimony, rather than on the conflicting testimony of witnesses whose credibility is for the jury, such findings are subject to full review as questions of law. Samuelson v. Bethlehem Steel Company, supra; Cameron Iron Works v. Stekoll, 5 Cir. 1957, 242 F.2d 17, 21.") (footnote omitted).

[17] *See Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 102 S. Ct. 2182 (court of appeals erred in setting aside findings of fact that were not clearly erroneous in a trademark case); *Pullman-Standard v. Swint, supra* (court of appeals erred in not applying Rule 52(a) to district court's finding that any differences resulting from a seniority system were not the result of an intent to discriminate).

> is, that of the district court. The existence of any doubt as to whether the trial court or this Court is the ultimate trier of fact issues in nonjury cases is, we think, detrimental to the orderly administration of justice, impairs the confidence of litigants and the public in the decisions of the district courts, and multiplies the number of appeals in such cases.

Pendergrass v. New York Life Ins. Co., 181 F.2d 136, 138 (8th Cir. 1950).[18] Because, due to the nature of patent litigation, adherence to Rule 52 is so important, these prospects are of especial concern.

A reaffirmation of Fed. R. Civ. P. 52(a)'s applicability to the issue of infringement, even when the underlying facts are allegedly not in dispute, is clearly needed. Adherence to Rule 52(a) maintains the requisite balance between the courts in the federal system, and leaves the fact-finding function with the tribunal charged with that basic responsibility. Without a precise delineation of the proper scope of appellate review in patent cases, the administration of patent litigation will be disrupted and the essential roles of the trial and appellate courts will be confused. This petition should be granted so that the Court may provide a clear statement of controlling principles for the guidance of the lower courts.[19]

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[18] Judge Nangle, of the Eastern District of Missouri, in a recent article, sounded "a genuine expression of alarm over the great imbalance that has developed between trial courts and appellate courts." Nangle, *The Ever Widening Scope of Fact Review in Federal Appellate Courts—Is the "Clearly Erroneous Rule" Being Avoided?*, 59 Wash. U.L.Q. 409, 410-11 (1981). In addition to the concerns expressed by Judge Sanborn, Judge Nangle identified other undesirable consequences from circumvention of Rule 52(a). These included: "[a] lowering in the morale of district court judges," "the decreasing likelihood of settlements," and a decline in "respect for our legal system." *Id.* at 427.

[19] This Court has recognized the necessity for precise statements of the legal principles governing the resolution of patent disputes. *See, e.g., Sakraida v. Ag Pro, Inc.*, 425 U.S. 273 (test of validity of combination patents); *Funk Brothers Seed Co. v. Kalo Inoculant Co.*, 333 U.S. 127 (meaning of invention). The issue in this case—whether a court of appeals is bound by Rule 52(a) in reviewing a district court's finding of infringement on the basis that the underlying facts are not in dispute—is of equally broad significance.

CONCLUSION

This case presents, clearly and directly, the issue whether a federal court of appeals is bound by the clearly erroneous standard in reviewing a finding of fact, i.e., a finding of patent infringement, based upon evidence which the court determines is undisputed. This case does not present the intensely fact-specific question of whether the clearly erroneous standard was properly applied, since the court below left no doubt that it did not consider itself constrained by Rule 52(a). The court of appeals, which first decided that the underlying facts from which the determination of infringement or non-infringement would be made were not in dispute—despite a ten-day trial—clearly made its own independent evaluation of the facts. Therefore, the issue involved—whether a federal court of appeals is bound by Rule 52(a) in reviewing a finding of patent infringement—is squarely presented for this Court's consideration.

The decision below is in conflict with decisions of this Court as to the applicability of Fed. R. Civ. P. 52(a) in patent infringement cases. In addition, it raises an important and recurring problem concerning the scope of appellate review in patent infringement litigation which should be resolved by this Court.

The petition for a writ of certiorari should be granted.

Respectfully submitted,

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September, 1982

United States Court of Appeals
FOR THE NINTH CIRCUIT

No. 80-3467

D.C. No. CV 78-1219

AMFAC FOODS, INC.,
Plaintiff-Appellee,

-vs-

ORE-IDA FOODS, INC.,
Defendant-Appellant.

MEMORANDUM

Appeal from the United States District Court
for the District of Idaho
Marion J. Callister, District Judge, Presiding
Argued and Submitted January 5, 1982

(Filed: April 2, 1982)

BEFORE: BROWNING, Chief Judge, and WALLACE and BOOCHEVER, Circuit Judges.

Ore-Ida Foods, Inc. (Ore-Ida), appeals from the district court's judgment holding that its "Box Cutter" infringes several claims of two patents formerly held by Amfac Foods, Inc. (Amfac). The district court granted injunctive relief and ordered an accounting as to monetary damages. We reverse and remand with instructions to dismiss the complaint with prejudice.

The patents at issue, originally secured by Amfac's predecessor-in-interest in 1964, have now expired. We therefore address only the issue of infringement. The principles we apply are well-established. Although infringement is generally a question of fact, where, as here, the facts are not in dispute, both the question of infringement and the question of the scope

of the patent claims are freely reviewable questions of law. *Hanson v. Colliver*, 282 F.2d 66, 69 (9th Cir. 1960); *Del Francia v. Stanthony Corp.*, 278 F.2d 745, 747, 748 n.5 (9th Cir. 1960). Infringement requires that there be a "substantial identity of function, means and result" between the patented device and the allegedly infringing device. *Del Mar Engineering Labs. v. Physio-Tronics, Inc.*, 642 F.2d 1167, 1174 (9th Cir. 1978); 7 Deller's Walker on Patents § 510 at 171-72 (2d ed. 1972). In a "combination patent," as in this case, the omission of one element or ingredient of the combination covered by a claim of the patent averts a charge of infringement based upon that claim. *Id.* § 543 at 324-26.

The claims of a patent measure the monopoly granted to the inventor; the scope of a patent can never be greater than the invention disclosed to the public in the claims. The specification and drawings must be looked to in order to properly construe the claims, and may limit the claims so as to demonstrate that the accused device does not infringe as a matter of law. *Del Francia v. Stanthony Corp., supra; see also Del Mar Engineering Labs., supra*, 642 F.2d at 1172; *Photo Electronics Corp. v. England*, 581 F.2d 772, 776 (9th Cir. 1978). Although an infringing device need not necessarily fall within the literal language of the claims, infringement will be found only when the accused device performs substantially the same function in substantially the same way to obtain substantially the same result as the patented device or its equivalents. *Nelson v. Batson*, 322 F.2d 132, 134-35 (9th Cir. 1963).

The district court held that Ore-Ida's Box Cutter infringed claims Nos. 1, 2 and 4 of Amfac's "method" patent No. 3,116,772. There is no infringement of the literal language of these claims because each specifies, in almost identical form, that the method includes "separating said center cuts from said outside cuts and separately discharging the center and outside cuts, recovering said medium and said separated cuts . . . ." The Box Cutter does not separately discharge center cuts and outside cuts. Even if the Box Cutter fell within the language of these claims, there would be no infringement. "Method" claims must be construed narrowly in light of the disclosure. *See Del Francia v. Stanthony Corp., supra*, 278 F.2d at 748. The

disclosure in this case unequivocally shows the desired result of automatic separation of long, uniform center cut strips from outside cut "slabs". A major objective of the patented method is to eliminate the need for manual supervision of the grading process. Therefore, because the Box Cutter utilizes a manual grading process separate from the cutting process, it does not produce substantially the same result through substantially the same means as does the Amfac device.

The district court held that the Box Cutter infringed claims Nos. 8 and 24 of Amfac's "apparatus" patent No. 3,109,468. Claim 8 includes a "positioning means comprising at least one pair of opposed shoes resiliently mounted ... and means to adjustably center said opening." Although the district court found that Ore-Ida's guide plates "tend" to align and center the potatoes, it did not find the crucial element that Ore-Ida's device uses resiliently mounted shoes that can be adjustably centered. Thus, the Ore-Ida Box Cutter does not infringe the literal language of claim No. 8. Moreover, this claim must, as must the other claims, be construed in light of the specification. It is evident in the description of the invention that the purpose of these positioning shoes is to so align the potato as to maximize the number of center cut "strips" and minimize the number of exterior "slabs" which must be discarded or used in less profitable mashed potato operations. Therefore, while Ore-Ida's guide plates may perform substantially the same function as Amfac's resiliently mounted positioning shoes, they do not do so by substantially the same means, nor do they produce substantially the same result. Therefore, the Ore-Ida Box Cutter does not infringe claim No. 8 or its equivalents.

Claim No. 24 describes the shape and arrangement of cutting blades in the Amfac device. Although it is rather technical, the gist of this claim is that the inner surfaces of the cutting blades are parallel with the axis of the potato, while the outer surfaces of the blades diverge outward. The purpose of this blade arrangement, as described in the specification, is to enhance the ability to separate center cut strips from outside cut

"slabs," which are forced by the shape and position of the blades into a separate discharge area.

> [T]he knives in each instance are triangularly formed at the cutting edges with an angle from about 7° to about 10°. In each case these blades are *positioned in critical fashion:* the sides of the blade toward the center in each instance is parallel to the center line of the cutting device or coaxial with the direction of the cut. Such an arrangement renders possible the simultaneous separation of the slabs from the evenly formed cross section to be french fried. In operation, there is complete absence of so-called slivers and short and non-uniform lengths.

(Emphasis added). Ore-Ida's cutting head does not infringe the literal language of this claim. As the district court found, "[t]he blades are beveled on only one side to form a cutting edge .... The beveling of the outer faces of the blades provides relief from compression of the potato passing through the blades." Thus, the district court did not find that the outer face of the Ore-Ida blades slant outwardly, but rather found only that the cutting edge of the blade itself is beveled. This is different on its face from the literal language of claim No. 24. Moreover, properly construing this claim in light of the specification, it is clear that Ore-Ida's blades are not positioned in the same "critical fashion" as are the Amfac blades. The Ore-Ida blades, because they do not achieve the result of separating center cut "strips" from outer cut "slabs," do not achieve substantially the same result as the Amfac blades. Therefore, the Ore-Ida Box Cutter does not infringe claim No. 24 or its equivalents.

Amfac makes several arguments against reversal, none of which has merit. First, it maintains that infringement is a finding of fact which can be set aside by this court only if clearly erroneous. As explained previously, however, the question of the scope of the claims is a question of law, and infringement in this case is also a question of law because the facts are not in dispute. Second, Amfac insists that "[t]he claims, not the specification, define the invention." It is well-established, how-

ever, that claims must be read in light of the specification and, as in *Del Francia v. Stanthony Corp., supra,* maybe so limited by the specification that the allegedly infringing device does not infringe as a matter of law. Third, Amfac urges upon us the so-called doctrine of "claim differentiation." However, in combination patents as this one, it is clear that every single element in a claim is conclusively presumed to be material. Thus, because in each instance there is an element in each claim for which there is no corresponding element in the Ore-Ida Box Cutter, there is no infringement.

The Ore-Ida Box Cutter does not, as a matter of law, infringe any of the claims at issue in the Amfac "method" or "apparatus" patents. We therefore reverse the judgment of the district court, vacate the injunction, and remand the case to the district court with instructions to dismiss the complaint with prejudice.

REVERSED AND REMANDED.

APPENDIX B

FINDINGS OF FACT AND CONCLUSIONS OF LAW OF THE DISTRICT COURT

IN THE
United States District Court
FOR THE DISTRICT OF IDAHO

Civil No. 78-1219

AMFAC FOODS, INC., a corporation,
Plaintiff,

-vs-

ORE-IDA FOODS, INC., a corporation,
Defendant.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

(Filed: October 24, 1980)

This cause came on for trial before the Court, sitting without a jury, from April 7 through April 18, 1980. By agreement of counsel the trial addressed only the question of liability, i.e., the alleged patent infringement by Ore-Ida Foods, Inc., defendant, of two Amfac Foods, Inc., plaintiff, patents; and the alleged liability of Amfac Foods, Inc., brought by counterclaimant, Ore-Ida Foods, Inc., for infringement of a patent they hold. Oral and documentary evidence was taken, with closing argument being submitted by post-trial briefs. Proposed Findings of Fact and Conclusions of Law were also submitted. With the briefs and proposals having been properly filed and examined, the Court does hereby find the facts and state separately its conclusions of law as follows:

FINDINGS OF FACT

Parties:

1. Plaintiff, Amfac Foods, Inc., (Amfac) is a corporation incorporated under the laws of the State of Delaware, having its

principal place of business in Portland, Oregon. The division of Amfac Foods engaged in the processing of potatoes is known as "Lamb-Weston," and, where appropriate, that name will be used herein.

2. Defendant, Ore-Ida Foods, Inc., (Ore-Ida) is a corporation incorporated under the laws of the State of Delaware, having its principal place of business in Boise, Idaho.

3. Plaintiff's cause of action arises under the patent laws of the United States, 28 U.S.C. § 1338, for patent infringement of U.S. Patent Nos. 3,109,468 and 3,116,772. Ore-Ida has counterclaimed for declaration of invalidity and non-infringement of these patents under the authority of 28 U.S.C. § 2201 and 28 U.S.C. § 1338.

4. Ore-Ida's counterclaim also alleges a patent infringement by Amfac of U.S. Patent No. 4,135,002 under the patent laws of the United States, 28 U.S.C. § 1338. Amfac responded by seeking a declaration of patent invalidity and non-infringement of the Ore-Ida patent under 28 U.S.C. § 2201 and 28 U.S.C. § 1338.

5. In Amfac's action the patents in issue are: Patent No. 3,109,468 ('468), issued November 5, 1963, upon application, Serial No. 91,444, filed on February 24, 1961. Patent No. 3,116,772 ('772) was issued on January 7, 1964, upon an application which was a division of Serial No. 91,444. Plaintiff is a successor in interest and owner of said patents.

6. In defendant's counterclaim the patent in issue is Patent No. 4,135,002 ('002), issued January 16, 1979, upon application Appl. No. 826,379, filed on August 22, 1977.

7. Venue resides in this judicial district under 28 U.S.C. § 1400.

Background:

8. The center of controversy in this case involves an apparatus for and methods of processing potatoes into French fry strips which are then treated and frozen. These frozen French fries have a wide market including direct sales to consumers through grocers, as well as sales to food services

including restaurant trades, fast-food outlets and institutional sales. Each of the different sales area have different requirements concerning the percentage of optimum length cuts.

9. In the French fry industry, long, uniform potato strips command a premium market price. Manufacturers have worked continuously to produce cutting equipment which would maximize the number of long premium cuts and reduce the amount of short strips cut from the potato as well as minimize distortion and damage to the potato. French fry processors also recognize that cross-sectional uniformity of the cuts is important in producing premium potato strips.

10. The Russett-Burbank potato, utilized for protection of frozen French fry potatoes, is classically oval in cross-section and elongated in shape. A substantial portion of such potatoes, however, come in many different shapes and variations.

11. It has been generally recognized in the potato processing industry that to maximize the production of long strips, taking into consideration the basic shape of the potato, the strips should be cut from the potatoes' longest, or longitudinal axis.

12. As of 1960 there were basically two kinds of potato strip cutters: manual, restaurant cutters, and mechanical, commercial cutters. The first type of cutter was labor intensive and not adaptable to commercial use. Of the second type only the Urschel GRL met with significant commercial success in producing long strips from the potatoes. The Urschel utilizes a rotating drum with impeller blades located within the drum. The potatoes are fed into the drum where centrifugal force and the impellers force the potatoes against the outer portion of the drum. The potatoes pass over a slabbing knife where a slice is removed. The slice is then cut into strips by passing through a series of rotating disc blades. The main drawback to the Urschels is that the potato could not consistently be presented for slicing on the long axis nor could the slices be taken uniformly due to movement and realignment of the potato, thus resulting in an infinite variety of shapes and sizes of strips being produced. These problems of alignment in the Urschels created

a large amount of short pieces, chips and slivers not usable as French fries.

13. There was a long-felt need in the industry for a process which would maximize the percentage of long, uniform cuts and minimize unusable product.

Amfac's Apparatus—Background:

14. In the early 1960's Lamb-Weston began working on a system which would overcome the limitations of the Urschel cutter. The system that was eventually developed used a water medium to carry potatoes through a grid of knives which cuts the whole potato at once. The machine was called a "Lamb gun," "Lamb-Weston water gun," or "water-gun knife."

15. The Amfac "water gun knife" ultimately consisted of a Cornell food pump which pumped under pressure a fluid consisting of water and peeled potatoes into a closed water-tight system. The water and potatoes are pumped under pressure into an accelerating tube which is in the form of a long tapered tube. As the water and potatoes pass into the tube they are accelerated and, in the process, separated. The potatoes then pass into an alignment mechanism which consists of a pair of guide shoes which orient the potatoes lengthwise in the pipeline and hold them in that position as they enter the cutting knives. The knife assembly, in its preferred embodiment, slabs off the outer sides of the potato leaving a squared center section that is in turn cut into strips. The center strips are directed down one collection pipe and the outer sections are diverted down another channel. The product is then sent into a decelerator and then proceeds to the dewatering screen.

16. The Amfac "water gun knife" proved to be more than significantly faster than previously relied upon mechanical cutters, and they were able to process a substantially larger quantity of potatoes. The Amfac process also increased the percentage of usable long uniform potato strips produced from a potato.

17. The "water gun knife" was installed in a commercial production line in American Falls, Idaho, in 1961, and met with immediate commercial success.

Ore-Ida's Apparatus—Background:

18. Ore-Ida is a company that has been long established in the frozen French fried potato industry. Up until the early 1970's Ore-Ida relied mainly on mechanical cutters, and then essentially Urschel machines, to produce its French fry strips.

19. In about 1972 Ore-Ida began investigating improved methods for cutting potatoes. As part of its investigation Ore-Ida made inquiries as to the possibility of obtaining a license under some of the existing prior art patents. One license in particular that Ore-Ida sought was from Amfac Foods, Inc., for use of its "water gun knife." Amfac refused them the license.

20. Concurrently, Ore-Ida began an independent development project to design a cutter which would increase the amount of usable, prime product. After experimenting with a variety of mechanical cutters, Ore-Ida decided to concentrate on its "Box Cutter."

21. The Ore-Ida "Box Cutter" was essentially a device which hydraulically conveyed potatoes through a knife assembly which created potato strips which were processed and sold as French fries.

22. The "Box Cutter" consisted of a food pump fed by a holding tank which contained water and peeled potatoes. The water and potatoes are pumped under pressure into a fluid tight accelerating tube which is in the form of a long tapered tube. The purpose of the acceleration tube is to accelerate and separate the potatoes. Within the acceleration tube are mounted four long flat plats which tend to align and center the potatoes as they enter the cutter assembly. The potato is cut all at once, and the potato strips then pass to a decelerator and a dewatering station. Then the potato strips are mechanically graded and sized.

23. By November of 1976, Ore-Ida had completed and installed commercial box cutter systems in their Burley and Greenville facilities.

The Amfac Patents:

A. *U.S. Patent No. 3,116,772—"Method for Slicing Vegetables"*

24. Application Serial No. 91,444 was filed in the Patent Office by Lamb and Davidson on February 21, 1961. As originally filed, this application contained both apparatus and method claims. Following a requirement for restriction between the apparatus and method claims, the method claims were cancelled, and a divisional application Serial No. 154,094 containing the method claims was filed on November 7, 1969 (Ex. 1 & 100). Both applications thus had the same disclosure and same effective filing date, February 24, 1961. Application Serial No. 91,444 was issued as Patent No. 3,109,468 on November 5, 1963 (Ex. 2) and application Serial No. 154,094 issued as Patent No. 3,116,772 on January 7, 1964 (Ex. 1).

25. The claims at issue in the Amfac method patent '772 are claims 1, 2, and 4.

26. Claim 1 of the '772 patent reads as follows:

> A method for the cutting of a vegetable food product into predetermined sizes comprising feeding a plurality of said products into a zone containing a fluid medium, discharging said medium under pressure together with said products to a zone of gradually decreasing diameter to separate said products one from the other and to accelerate the movement of said products to effective cutting speed, individually and sequentially feeding said separated products into a cutting zone and cutting said products into center and outside cuts in said cutting zone, separating said center cuts from said outside cuts and separately discharging the center and outside cuts, recovering said medium from said separated cuts and recycling said medium to said fluid medium containing zone.

27. Claim 2 of the '772 patent reads as follows:

> A method for the cutting of vegetable food products into predetermined sizes comprising feeding said

products into a zone containing a fluid medium, discharging said medium under pressure while carrying said products to a zone of gradually decreasing diameter to separate said products one from the other and to accelerate the movement of said products to effective cutting speed, sequentially feeding individual of said separated products into a positioning and aligning zone prior to cutting thereof, discharging the aligned products into a cutting zone and cutting said products into center and outside cuts in said cutting zone, separating said center and outside cuts, recovering said medium from said separated cuts and recycling said medium to said fluid medium containing zone.

28. Claim 4 of the '772 patent reads as follows:

In a method for the cutting of a vegetable food product, the sequential and continuous steps of feeding a plurality of said products into a zone containing a fluid medium, propelling said medium under pressure together with said products at a cutting speed to a zone of gradually decreasing diameter to longitudinally space the adjacent of said products from each other and to accelerate the movement of said products to effective cutting speed, feeding said spaced products into a product positioning zone to position each of the spaced products centrally and longitudinally of the line of travel of said medium for aligned cutting feed, feeding said aligned products to a cutting zone and cutting said products into a plurality of center and outside cuts in said cutting zone, separating said center cuts from said outside cuts and separately discharging the same, recovering said medium from said separated cuts and recycling said medium to said fluid medium containing zone.

29. The '772 patent and its claims were carefully examined by the patent office examiner before the patent was issued. Accordingly, a presumption of validity attaches to this patent.

30. The validity of the '772 patent was litigated and found valid in the case *Amfac Foods, Inc., v. J.R. Simplot Company*, Civil No. 1-76-135 (D. Idaho) and accordingly, under principles of comity, a presumption of validity attaches.

31. While the invention disclosed in the four methods claims is generally a combination of known devices and techniques, new and unexpected results were produced which fulfilled certain needs of the French fry industry.

32. Ore-Ida has failed to establish that the claims of the '772 patent are invalid for obviousness.

B. *U.S. Patent No. 3,109,468—"Vegetable Slicing Apparatus"*

33. The claims at issue in the Amfac apparatus patent '468 are claims 8 and 24.

34. Claim 8 of the '468 patent reads as follows:

> In a cutter device for potatoes having elongated axes, a cutter assembly having multiple cutter blades for cutting said potatoes, said blades being in different lateral planes, a fluid-tight cutter-positioner assembly casing, said blades being mounted in the outby end of said casing, means to feed said potatoes through said casing and said cutter blades at cutting speed including a fluid conduit, means to admit said potatoes and said fluid under pressure to said conduit whereby said potatoes are propelled by and with said fluid through said cutter assembly, positioning means in the inby end of said casing to position said products with said axes disposed in approximately the same longitudinal plane as said cutter blades, said positioning means comprising at least one pair of opposed shoes resiliently mounted to and on each side of said casing, said pair forming an opening complementary to the shape of said products, and means to adjustably center said opening.

35. Claim 24 of the '468 patent reads as follows:

> In a system for the cutting of vegetable products into sections, an hydraulic food pump, a product cutter, said pump being arranged to continuously and

sequentially feed said products through said product cutter at relatively high speed, said cutter comprising a plurality of cutter blades arranged in spaced relation with their cutting edges lying in planes normal to said axis, said cutter blades being arranged in two sets, the cutting edges in the one set being at right angles to the cutting edges in the other set, each of said sets being disposed symmetrically with respect to said axis, the outer faces of said blades being inclined outwardly with respect to said axis in the direction of product feed, and the inner faces of said blades being substantially parallel to said axis.

36. In reviewing the '468 patent and its claims, the Patent Office considered the pertinent prior art including the patents to Thomas No. 18,476, Mengel No. 606,291, Boos No. 690,512, Schroeder No. 1,337,968, Spartz No. 1,526,810, Chapman 1,908,220, Urschel Nos. 2,130,937 and 2,349,212, Bauer No. 2,223,542, Carroll Nos. 2,229,168 and 2,350,586, Thoresen No. 2,956,838 and Schmidt No. 842,420. The Patent Office's determination of patentability creates a presumption of validity.

37. The prior art relied on by Ore-Ida to invalidate the claims of the '468 patent was either before the Patent Office during the examination of the application, or is no more pertinent than the prior art considered by the Patent Office.

38. The validity of the '468 patent was litigated and found valid in the case *Amfac Foods, Inc., v. J.R. Simplot Company*, Civil No. 1-76-135 (D. Idaho), and accordingly, under principles of comity, a presumption of validity attaches.

39. Ore-Ida has failed to establish that the claims of the '772 patent are invalid for obviousness.

Infringement:

40. The Ore-Ida Box Cutter system employs a hopper which feeds a food pump. The food pump in turn feeds a conduit of decreasing cross-sections as it extends away from the pump.

41. The potatoes passing through the tapered conduit in the Ore-Ida system are generally singulated one from another as well as accelerated to cutting speed.

42. The Ore-Ida "box cutter" also has an alignment mechanism employing two sets of opposed plates biased by springs toward the center of the conduit just prior to the cutter assembly. The alignment plates move in and out conforming to the size of the potato passing through the mechanism. It both adjustably centers the opening leading to the cutter assembly and generally aligns the potatoes such that the long axis of the potato is substantially in the direction of the conduit.

43. The Ore-Ida "box cutter" system substantially embodies the apparatus described in claim 8 of the '468 patent. The "box cutter" performs substantially the same function, in substantially the same way, to obtain substantially the same results as the mechanism set forth in claim 8. Therefore, Ore-Ida's "box cutter" system infringes claim 8 of the '468 patent.

44. The Ore-Ida cutting head includes a plurality of cutter blades which are arranged so that there is a first set of mutually parallel blades and a second set of mutually parallel blades at 90° to the first set. The blades are beveled on only one side to form a cutting edge, and are staggard or arranged in a chevron formation such that the potato does not contact all of the blades at one time. The beveling of the outer faces of the blades provides relief from compression of the potato passing through the blades.

45. The arrangement of the blades and their cutting edges in the Ore-Ida cutter perform the same work in substantially the same way to accomplish the same results as the arrangement of the blades and their cutting edges recited in Claim 24 of the '468 patent.

46. The Ore-Ida box cutter system includes a group of mechanical graders and sorters to eliminate slivers and irregular pieces that result from cuts taken from the outside or outer surface of the potato. These sorting machines follow in the potato cutting line right after the product decelerator and dewatering screen.

47. The Ore-Ida box cutter substantially embodies Amfac's method patent as described and claimed in Claim Nos. 1, 2 and 4 of the '772 patent, and thereby attains the same kind of results as was contemplated by the Amfac patent.

48. The Ore-Ida box cutter uses the Amfac invention and infringes Claims 1, 2 and 4 of Patent No. 3,116,772.

Ore-Ida's Counterclaim:

49. By its counterclaim, Ore-Ida charged Amfac with infringing all four claims of the Hodges and Green Patent No. 4,135,022.

50. Patent No. 4,135,002 ('002) issued on an application filed on August 22, 1977, which application was a division of an application filed on November 29, 1976. The patent issued to Ore-Ida as the assignee of Hodges and Green.

51. The Patent Office's issuance of a patent creates a presumption of patentability in favor of the patent.

52. The four claims of the '002 patent essentially require that the potatoes be conditioned, prior to hydraulic cutting, by heating them within the range of substantially 130° to 145° F. for a period of time sufficient to heat the potatoes entirely throughout to a corresponding temperature.

53. The '002 patent discloses that the potato core temperature of 130° to 145° F. is critical in achieving the unexpected results anticipated by the pretreatment method.

54. The temperature reached by the center of a potato is a function of the size of the potato, the temperature of the water in which it is placed, and its retention time in the water.

55. Heat pretreatment of potatoes prior to cutting and process has long been recognized as beneficial in the potato processing industry; and the evidence establishes that Amfac had been experimenting with an economically feasible pretreatment procedure as early as 1971.

56. Ore-Ida's charge that Amfac did not recognize the critical nature of the 130° to 145° F. range until after the issuance of their patent is not sustained by the evidence. In fact

the evidence establishes that Ore-Ida does not consider the 130° to 145° F. range as critical in its own cutting process, nor do they find it financially feasible to pretreat all of their potatoes in accordance with their patent.

57. Ore-Ida has failed to carry its burden of establishing an infringement of the '002 patent by Amfac.

58. While Amfac contends that the '002 patent is invalid because it was procured by fraud on the Patent Office, or in the alternative, because certain prior art was not considered by the Patent Examiner during the prosecution of the patent application, the question of invalidity of the '002 patent on the above-mentioned grounds need not be considered at this time.

CONCLUSIONS OF LAW

From the foregoing facts found, the Court concludes as a matter of law the following:

1. The Court has jurisdiction over the subject matter and the parties.

2. The Amfac patents and claims in suit, Nos. 3,116,772 (Claims 1, 2, and 4) and 3,109,468 (Claims 8 and 24) are presumed to be valid, and that presumption has not been overcome.

3. The subject matter claimed in the Amfac patents was not obvious to one of ordinary skill in the art at the time the inventions were made. In reaching this conclusion, the Court applied the test and made the determinations prescribed in *Graham v. John Deere Co.*, 383 U.S. 1.

4. Patent No. 3,116,772 and Patent No. 3,109,468 are valid.

5. Claims 1, 2 and 4 of Amfac's '772 method patent are valid and nonobvious. In reaching this conclusion, the Court determined the scope and content of the prior art with relation to the claims in issue. The Court considered the foreign German patent, Schmidt, No. 842,420, and what was clearly disclosed therein.

6. Ore-Ida's "box cutter" substantially corresponds to the mechanism described in Claims 1, 2, and 4 of Amfac's '772 method patent.

7. Ore-Ida infringes Claims 1, 2 and 4 of Amfac's method Patent No. 3,116,772.

8. Ore-Ida's "box cutter" employs a cutter which corresponds to, or is the equivalent of, the cutter described in Claim 24 of Amfac's '468 apparatus patent.

9. Ore-Ida infringes Claim 24 of Amfac's apparatus Patent No. 3,109,468.

10. Ore-Ida's "box cutter" employs an apparatus which corresponds to, or is the equivalent of, the mechanism described in Claim 8 of Amfac's '468 apparatus patent.

11. Ore-Ida infringes Claim 8 of Amfac's apparatus Patent No. 3,109,468.

12. Amfac is entitled to an accounting to determine its damages from Ore-Ida's infringement.

13. Amfac is entitled to protection from continued infringement by Ore-Ida by way of an injunction or other appropriate relief.

14. Amfac is entitled to have Ore-Ida's counterclaim for declaratory relief dismissed.

15. Ore-Ida's infringement was not willfull nor deliberate, but their development and use of the "box cutter" system was based on the good faith belief that they did not infringe upon Amfac's patents, thus this is not an exceptional case under 35 U.S.C. § 284. Plaintiff is also not entitled to an award of attorney's fees under 35 U.S.C. § 285.

16. In Ore-Ida's counterclaim suit for Amfac's infringement of Ore-Ida's Patent No. 4,035,002, Claims 1 through 4 of the '002 patent are not infringed by Amfac.

17. Amfac is entitled to have the counterclaim suit of Ore-Ida's, based on the '002, dismissed.

18. Ore-Ida's counterclaim based on the '002 patent was brought in good faith, thus the counterclaim does not represent an exceptional case entitling Amfac to attorney's fees under 35 U.S.C. § 285.

19. Amfac is entitled to their costs in pursuing their complaint and defending the counterclaim.

DATED this 23rd day of October, 1980.

/s/ MARION J. CALLISTER

Marion J. Callister
United States District Judge

APPENDIX C

ORDER OF THE DISTRICT COURT

IN THE

United States District Court

FOR THE DISTRICT OF IDAHO

Civil No. 78-1219

AMFAC FOODS, INC., a corporation,
Plaintiff,

-vs-

ORE-IDA FOODS, INC., a corporation,
Defendant.

ORDER

(Filed: October 24, 1980)

This matter was tried before the Court, sitting without a jury, from April 7 through April 18, 1980. Evidence was received, argument had, and the case submitted on only the question of liability. The Court entered formal Findings of Fact and Conclusions of law favorable to the plaintiff.

NOW, THEREFORE, IT IS ORDERED, ADJUDGED AND DECREED that liability for patent infringement be found against the defendant.

IT IS FURTHER ORDERED that defendant's suit for counterclaim be, and the same is hereby, DISMISSED.

DATED this 23rd day of October, 1980.

/s/ MARION J. CALLISTER

Marion J. Callister
United States District Judge

APPENDIX D

JUDGMENT OF THE COURT OF APPEALS

United States Court of Appeals
FOR THE NINTH CIRCUIT

No. 80-3467

DC CV 78-1219 MJC

AMFAC FOODS, INC.,
Plaintiff-Appellee,

vs.

ORE-IDA FOODS, INC.,
Defendant-Appellant.

APPEAL from the United States District Court for the _____ District of Idaho (Boise).

THIS CAUSE came on to be heard on the Transcript of the Record from the United States District Court for the _____ District of Idaho (Boise) _____ _____ _____ and was duly submitted.

ON CONSIDERATION WHEREOF, It is now here ordered and adjudged by this Court, that the _____ judgment of the said District Court in this Cause be, and hereby is reversed and remanded.

Filed and entered April 2, 1982

APPENDIX E

ORDER DENYING PETITION FOR REHEARING

United States Court of Appeals
FOR THE NINTH CIRCUIT

No. 80-3467

D.C. No. CV 78-1219

AMFAC FOODS, INC.,
Plaintiff-Appellee,

-vs-

ORE-IDA FOODS, INC.,
Defendant-Appellant.

Appeal from the United States District Court for the District of Idaho

Before: BROWNING, Chief Judge, and WALLACE and BOOCHEVER, Circuit Judges,

ORDER

(Filed: June 17, 1982)

The panel as constituted above has voted to deny the petition for rehearing and to reject the suggestion for rehearing en banc.

The full court has been advised of the suggestion for rehearing en banc, and no judge of the court has requested a vote on the suggestion for rehearing en banc. Fed. R. App. P. 35(b).

The petition for rehearing is denied and the suggestion for rehearing en banc is rejected.

APPENDIX F

LIST OF PARENTS, SUBSIDIARIES, AND AFFILIATES OF PETITIONER

Amfac Foods, Inc., petitioner, is a wholly-owned subsidiary of Amfac, Inc. Petitioner has four subsidiaries, all of which are wholly owned.

The following is a list of less than wholly-owned subsidiaries of Amfac, Inc.:

Compania Agricola la Franquia S.A.
Compania Agricola e Industrial del Norte S.A.

The following is a list of companies affiliated with Amfac, Inc. or one of its subsidiaries:

Amfac Foundation
Bay and River Navigation Company
California and Hawaiian Sugar Company
Esperance International Pty. Limited

The following is a list of partnerships or joint ventures in which Amfac, Inc. or one of its subsidiaries is involved:

ADC/CJA Joint Venture
Center Properties
Central Hawaiian
Central-Trousdale
Combustion Engineering/Amfac
Cooke-Amfac Joint Venture
Dole-Alexander Venture
Esperance Land & Development Company
Farmer Jack's Nursery
Farmer Jack's Nursery Land Co., Ltd.
1415 Victoria Joint Venture (Townhouse)
Fullerton East Investors
Robert B. Goodman Associates
Hawaii Leasing
Kaonohi Ridge Partners
Kihei Beach Joint Venture
Kinau Street Joint Venture
Moiliili Venture
Pearl Harbor Heights Developers
Puna Geothermal Venture
Pyramid Ranch Company
Rosie G.

Santa Fe Investors
Visitacion Associates
Waikiki Beachcomber
Waiohai Properties
Wildwood Mobile Country Club

SUPREME COURT, U.S.
FILED
OCT 18 1982
ALEXANDER L. STEVAS,
CLERK

No. 82-412

IN THE

Supreme Court of the United States

October Term, 1982

AMFAC FOODS, INC.,

Petitioner,

v.

ORE-IDA FOODS, INC.,

Respondent.

BRIEF FOR RESPONDENT IN OPPOSITION

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THE QUESTIONS PRESENTED

This case does not present the questions stated by petitioner.

The first question asks whether a court of appeals is bound by the "clearly erroneous" standard in reviewing a district court's finding on the issue of patent infringement. The Court of Appeals below held that it is bound by the rule, but only as to facts, not questions of law. The decision of the Court below reversing the holding of infringement was properly based on the legal question of the scope of the patent. The facts found by the District Court as to the nature and operation of the accused subject matter were accepted without dispute.

The second question asks whether the court of appeals can arrogate to itself the fact-finding function on the issue of infringement, having determined that the underlying facts are not in dispute. The Court below did not arrogate to itself the fact-finding function but rather accepted the district court's findings of fact, which were not disputed, and properly determined the scope of the patent, which is a legal issue.

PARTIES INVOLVED

The parent and affiliates of respondent are set forth in Appendix A, *infra*, pp. 17 to 19.

TABLE OF CONTENTS

	Page
The Questions Presented	i
Parties Involved	i
Table of Authorities	iii
Statement of the Case	1
A. Decisions Below	1
B. The District Court	2
C. The Court of Appeals	3
Reasons for Denying the Writ	5
I. The Decision Below Does Not Conflict With the Decisions of This Court	5
II. There Is Neither Conflict Nor Confusion Among the Circuits Requiring Review by This Court of the Question Raised by the Petition	12
Conclusion	16
Appendix A	17

TABLE OF AUTHORITIES

Cases:	Page
Acme Highway Products Corporation v. D. S. Brown Co., 473 F. 2d 849 (6th Cir. 1973), cert. denied, 414 U. S. 824, 38 L. Ed. 2d 57, 94 S. Ct. 125 (1973)	15
Brothers v. Lidgerwood Mfg. Co., 223 F. 359 (2nd Cir. 1915)	14
Cold Metal Process Company v. E. W. Bliss Company, 285 F. 2d 231 (6th Cir. 1960), cert. denied, 366 U. S. 911, 6 L. Ed. 2d 235, 81 S. Ct. 1085 (1961)	14
Copease Manufacturing Co., Inc. v. American Photocopy Equipment Co., 298 F. 2d 772 (7th Cir. 1961)	15
CS&M, Inc. v. Covington Brothers Technologies, 678 F. 2d 118 (9th Cir. 1982)	8
Del Francia v. Stanthony Corporation, 278 F. 2d 745 (9th Cir. 1960)	14, 15
Doble Engineering Co. v. Leeds & Northrup Co., 134 F. 2d 78 (1st Cir. 1943)	14
Ebeling v. Pak-Mor Manufacturing Company, 683 F. 2d 909 (5th Cir. 1982)	14
Graham v. John Deere Co., 383 U. S. 1, 15 L. Ed. 2d 545, 86 S. Ct. 684 (1966)	13
Graver Tank & Mfg. Co. v. Linde Air Products Co., 339 U. S. 605, 94 L. Ed. 1097, 70 S. Ct. 854 (1950)	5, 6, 7, 14, 15
Great Atlantic & Pacific Tea Co. v. Supermarket Equipment Corp., 340 U. S. 147, 95 L. Ed. 162, 71 S. Ct. 127 (1951)	7
Hanovia Chemical & Mfg. Co. v. David Buttrick Co., 127 F. 2d 888 (1st Cir. 1942)	14
Hurin v. Electric Vacuum Cleaner Co., Inc., 298 F. 76 (6th Cir. 1924)	15
Linde Air Products Co. v. Graver Tank & Mfg. Co., 86 F. Supp. 191 (D. C. Ind. 1947)	5, 6

TABLE OF AUTHORITIES (Continued)

Cases (Continued): Page

Methode Electronics, Inc. v. Elco Corp., 385 F. 2d 138 (3rd Cir. 1967) 14

Minnesota Mining & Mfg. Co. v. Permacel-LePage's Inc., 334 F. 2d 820 (7th Cir. 1964) 7

Plax Corporation v. Precision Extruders, Inc. et al., 239 F. 2d 792 (3rd Cir. 1957) 14

Prepayment Car Sales Co. v. Orange County Traction Co., 221 F. 939 (2nd Cir. 1915), cert. denied, 238 U. S. 626, 59 L. Ed. 1495, 35 S. Ct. 664 (1915) 14

Pullman-Standard v. Swint, — U. S. —, 72 L. Ed. 2d 66, 102 S. Ct. 1781 (1982) 5, 8, 15

Q-Tips, Inc. v. Johnson & Johnson, 207 F. 2d 509 (3rd Cir. 1953), cert. denied, 347 U. S. 935, 98 L. Ed. 1086, 74 S. Ct. 630 (1954) 7

Rothe v. Ford Motor Company, 253 F. 2d 353 (D. C. Cir. 1958) 15

Sanitary Refrigerator Company v. Winters, 280 U. S. 30, 74 L. Ed. 147, 50 S. Ct. 9 (1929) 7, 9, 12, 14

Singer Mfg. Company v. Cramer, 192 U. S. 265, 48 L. Ed. 437, 24 S. Ct. 291 (1904) 9, 14

Smith et al. v. General Foundry Machine Company, 174 F. 2d 147 (4th Cir. 1949), cert. denied, 338 U. S. 869, 94 L. Ed. 533, 70 S. Ct. 144 (1949) 14, 15

Solomon v. Renstrom, 150 F. 2d 805 (8th Cir. 1945) 14

Super Products Corporation v. D P Way Corporation, 546 F. 2d 748 (7th Cir. 1976) 14

Technitrol, Inc. v. Control Data Corporation, 550 F. 2d 992 (4th Cir. 1977), cert. denied, 434 U. S. 822, 54 L. Ed. 2d 79, 98 S. Ct. 65 (1977) 14

Terstream Corporation v. Blanchard, 352 F. 2d 983 (5th Cir. 1965), cert. denied, 387 U. S. 936, 18 L. Ed. 2d 1000, 87 S. Ct. 2064 (1967) 3

TABLE OF AUTHORITIES (Continued)

Cases (Continued): Page

United States v. DuPont & Co., 353 U. S. 586, 1 L. Ed. 2d 1057, 77 S. Ct. 872 (1957) 12

United States v. General Motors Corp., 384 U. S. 127, 16 L. Ed. 2d 415, 86 S. Ct. 1321 (1966) 12

United States v. Line Material Co., 333 U. S. 287, 92 L. Ed. 701, 68 S. Ct. 550 (1948) 12

United States v. Singer Mfg. Co., 374 U. S. 174, 10 L. Ed. 2d 823, 83 S. Ct. 1773 (1963) 12

Washington Scientific Industries Inc. v. Shiley Laboratories Inc., 187 U. S. P. Q. 236 (C. D. Cal. 1975) 6, 7

Young v. Ralston-Purina Company, 88 F. 2d 97 (8th Cir. 1937) 15

Ziegler v. Phillips Petroleum Company, 483 F. 2d 858 (5th Cir. 1973), cert. denied, 414 U. S. 1079, 38 L. Ed. 2d 485, 94 S. Ct. 597 (1973) 15

Miscellaneous:

4 Deller's Walker on Patents § 230 14

24 BNA's Patent, Trademark & Copyright Journal, 571, October 7, 1982 13

Statutes:

35 U.S.C. § 282 3

IN THE

Supreme Court of the United States

OCTOBER TERM, 1982

No. 82-412

AMFAC FOODS, INC.,

Petitioner,

v.

ORE-IDA FOODS, INC.,

Respondent.

BRIEF FOR RESPONDENT IN OPPOSITION

STATEMENT OF THE CASE

A. Decisions Below

This case involves two combination patents arising from the same application filed on February 24, 1961. The patents had expired as of January, 1981.

The patents were held valid and infringed by Judge Marion Callister, who entered an injunction on October 28, 1980 and ordered an accounting for damages. On November 7, 1980 Judge Callister denied Ore-Ida's motion to stay the injunction. On November 10, 1980 the Court of Appeals for the Ninth Circuit stayed the injunction and reconsideration was denied on November 18, 1980. On January 29, 1981, Judge Callister stayed the accounting proceedings pending review of liability by the Court of Appeals.

On April 2, 1982 the Court of Appeals filed its opinion reversing the judgment of the District Court. On April 14, 1982 Amfac filed a petition for rehearing and suggestion for rehearing *en banc*. The petition was denied on June 17, 1982, the full court having been advised of the suggestion for rehearing en banc and no judge of the court having requested a vote on the suggestion (Petition 25a).

B. The District Court

The "extended" ten-day trial to which petitioner refers involved substantial testimony entirely unrelated to the question of infringement. Considerable testimony was directed to the invalidity and unenforceability of the Amfac patents. The trial also included Ore-Ida's counterclaim based upon entirely different patents.[1]

The question of the scope of the patents was excluded from the trial testimony on the objection of Amfac's counsel who took the position (correctly) that "the law is that the scope of the claim is a matter of law for the court to decide as a matter of law" (Record of Trial Testimony 246). As to the facts relating to infringement, Amfac stated in its post-trial brief in the District Court, pp. 17-18, that there was little, if any "factual" dispute with respect to the Ore-Ida system and its operation and that the system works as described and claimed in the Amfac patents. There was, of course, a substantial legal dispute as to the scope of the invention of the Amfac patents and thus whether the Ore-Ida system fell within that scope; but there was, indeed, little, if any "factual" dispute regarding the nature and operation of the Ore-Ida system.

1. Amfac is presently challenging Ore-Ida's entitlement to its costs in the trial court on the ground that Ore-Ida was not successful in its counterclaim.

The District Court made no determination as to the scope of the patent and no finding that the Ore-Ida box cutter met the claims of the Amfac patents. The Court found that the Amfac patents were combination patents but did not find the elements of the claims in the Ore-Ida Box Cutter system. The Court concluded only that there was substantial similarity and held, as a conclusion of law, that there was equivalence (Petition 19a).

C. The Court of Appeals

On appeal, Ore-Ida sought reversal of the judgment on the ground that the patents were invalid, and especially so if expanded to cover Ore-Ida's system; that the patents were unenforceable because obtained by misrepresentations of fact to the Patent Office; and that the Ore-Ida system did not fall within the scope of the Amfac patents. Ore-Ida also appealed from the refusal of the District Court to admit proffered evidence of prior art properly noticed under the statute 35 USC § 282, and the foreclosure of Ore-Ida's discovery during a period of seven months prior to trial.

The Court of Appeals found noninfringement as a matter of law. Since that ruling was dispositive of the case, the Court did not reach the other issues raised by Ore-Ida. Although, even where noninfringement is found, the Court will usually pass upon the question of patentability, the Court of Appeals did not do so in this case since the patents had already expired. *Texsteam Corporation v. Blanchard,* 352 F. 2d 983, 984 (5th Cir. 1965), cert. denied, 387 U. S. 936, 18 L. Ed. 2d 1000, 87 S. Ct. 2064 (1967).

The decision of noninfringement by the Court of Appeals was based solely upon the Court's determination of the scope of the patents. There was no factual dispute

over the nature and operation of the Ore-Ida system. Ore-Ida did not challenge the District Court's findings as to the nature and operation of its Box Cutter. Rather, Ore-Ida contended that its "Box Cutter" system, as defined by the District Court, did not infringe "since it falls outside the scope of the Amfac patents."

The Court of Appeals determined the scope of the patent as a matter of law and concluded that the Ore-Ida box cutter, as defined by the District Court, did not fall within that scope.

REASONS FOR DENYING THE WRIT

I. The Decision Below Does Not Conflict With the Decisions of This Court

Petitioner contends that the District Court's holding of infringement based on equivalence was a finding of fact pursuant to *Graver Tank & Mfg. Co. v. Linde Air Products Co.*, 339 U. S. 605, 94 L. Ed. 1097, 70 S. Ct. 854 (1950) and that, as such, it was improper for the Court of Appeals to reverse without finding that holding to be clearly erroneous, relying upon the recent decision in *Pullman-Standard v. Swint*, — U. S. —, 72 L. Ed. 2d 66, 102 S. Ct. 1781 (1982).

Petitioner oversimplifies the holding of *Graver Tank*, *supra*, overlooks the established authority cited in that opinion relevant to this case and extends the *Pullman-Standard v. Swint* ruling into an area expressly excluded by the Court.

Petitioner relies upon the statement in *Graver Tank* that "the finding of equivalence is a determination of fact." But, as was true in that case, the "equivalent" must in any event fall within the scope of the patent. The district court in *Graver Tank* pointed out in its opinion that the "equivalent" subject matter was fully disclosed in the specification of the patent itself:

> Thus, the fact that manganese is a proper substitute for calcium silicate as a major ingredient of the welding composition . . . is fully disclosed in the specification of their patent. *Linde Air Products Co. v. Graver Tank Mfg. Co.*, 86 F. Supp. 191, 199 (D. C. Ind., 1947).

Thus, this Court's statement that equivalence is a fact question must be understood to apply on the premise that the equivalent subject matter falls within the scope of the patent. The doctrine of equivalence is applied, as in *Graver Tank*, to prevent piracy of an invention disclosed but not literally claimed in a patent. *Id.*, at 607. The infringement in *Graver Tank* was not the result of an independent development. *Id.*, at 612; *Linde v. Graver*, *supra*, at 200.

The reversal of the District Court by the Court of Appeals in this case, in contrast to *Graver Tank*, was based precisely on the scope of the patent. The Court of Appeals held that the objective of the invention as spelled out in the specification was the automatic separation of "slabs" from center cuts (Petition 2a-3a): "The disclosure in this case unequivocally shows the desired result of automatic separation of long, uniform center cut strips from outside cut 'slabs'." The Court of Appeals also held that the patent defined as a major objective the elimination of the need for manual supervision of the grading process. *Ibid.* The Court then concluded that, since Ore-Ida's Box Cutter "utilizes a manual grading process separate from the cutting process, it does not produce substantially the same result through substantially the same means as does the Amfac device." *Ibid.* The Court of Appeals went on to compare each of the claims in issue with the Ore-Ida Box Cutter *as described in the District Court's Findings of Fact*, and concluded that the claims could not be expanded beyond the scope of the patent by the doctrine of equivalents to cover Ore-Ida's Box Cutter.[2]

2. The decision of the District Court includes no comparison of the elements of the Amfac combination claims with the Ore-Ida Box Cutter to find correspondence. There is no finding, as required for infringement, that each claimed element is found in the accused system. *Washington Scientific Industries Inc. v. Shiley*

The Court of Appeals' construction of the scope of the patent was a legal, not a factual determination. Unlike *Graver Tank*, neither the District Court nor the Court of Appeals in this case found the equivalent in the specification of the patent. Also unlike *Graver Tank*, the District Court in this case found that Ore-Ida's Box Cutter was the result of an "independent development" (Petition 11a).

The application of equivalents has always required the determination that they are within the scope of the patent, which is determined as a matter of law. In the *Graver Tank*, opinion, this Court cited, as authority for the doctrine of equivalents, the holding in *Sanitary Refrigerator Company v. Winters*, 280 U. S. 30, 74 L. Ed. 147, 50 S. Ct. 9 (1929). In that case, at page 36, the Court stated that, although the lower courts had made opposite findings on the question of infringement, since the evidence of infringement was undisputed, the question of infringement and equivalence became one of law:

> Furthermore upon the undisputed evidence the question of infringement resolves itself in each case into one of law, depending upon a comparison between the structure disclosed on the face of the patent and the device shown in the Dent latch, and the correct application thereto of the rule of equivalency.

The determination of the scope of the patent as a matter of law has continued since *Graver Tank, supra.* In *Great A&P Tea Co. v. Supermarket Equipment Corp.*, 340 U. S. 147, 149-150, 95 L. Ed. 162, 71 S. Ct. 127 (1951), the Court rejected the construction of the patent

2. (Cont'd.)

Laboratories Inc., 187 U. S. P. Q. 236, 241 (C. D. Cal. 1975). See also, *Q-Tips, Inc. v. Johnson & Johnson*, 207 F. 2d 509 (3rd Cir. 1953); *Minnesota Mining & Mfg. Co. v. Permacel-LePage's Inc.*, 334 F. 2d 820 (7th Cir. 1964).

by the two lower courts, determined the scope of the patent itself and reversed the holding of validity.

In summary, this Court has consistently maintained that the determination of the scope of the patent monopoly is a question of law and that infringement is a question of law where the facts are not in dispute.

Petitioner seeks to equate the present case to *Pullman-Standard v. Swint, supra,* to place the Ninth Circuit in the position of the Fifth Circuit in that case and thus to posit a conflict calling for review by the Court. In *Pullman-Standard v. Swint,* petitioner referred to other cases coming from the Fifth Circuit to show a Fifth Circuit rule at odds with Rule 52(a). Here, petitioner points to a recent Ninth Circuit case, *CS&M, Inc. v. Covington Brothers Technologies,* 678 F. 2d 118 (9th Cir. 1982), to show that that Circuit generally disregards Rule 52(a) (Petition 7). The citation is erroneous and misleading. In that case the Court of Appeals *affirmed* the District Court's ruling of noninfringement, which the District Court had made as a matter of law on a motion for summary judgment.[3]

The *Pullman-Standard* case turned upon a pure finding of fact—discriminatory intent. It involved neither a question of law, a mixed question of law and fact nor an "ultimate" fact. In *Pullman-Standard* the Court indicated that cases involving mixed questions of law and fact must be decided on a case-by-case basis:

> Rule 52 does not furnish particular guidance with respect to distinguishing law from fact. Nor do we

3. Petitioner's suggestion that the Ninth Circuit is generally out of step on the application of Rule 52(a) is directly contrary to the argument made by petitioner in its petition for rehearing and suggestion of a rehearing en banc to the Court of Appeals. There, petitioner made the same attack on the decision below but argued that the decision was in conflict with the settled law of the Ninth Circuit.

> yet know of any other rule or principle that will unerringly distinguish a factual finding from a legal conclusion. *Id.* at 79.

The Court, in emphasizing that it was not addressing the matter of mixed questions of law and fact, stated that there is support in the Court's decisions for independent appellate review in such cases. *Id.* at 80, n. 19.

The issue of patent infringement, on the other hand, involves a clear question of law—the scope of the patent. It also involves a question of fact—the identity of the accused subject matter. In every case the scope of the patent is determined by the construction placed upon the claims in the light of the patent specification, which is a question of law. Where, as here, the facts are not in dispute, the determination of equivalency and infringement is a question of law. *Sanitary Refrigeration v. Winters, supra.* The distinction between fact and law in patent infringement has long been recognized. *Sanitary Refrigerator v. Winters, supra, Singer Mfg. Company v. Cramer,* 192 U. S. 265, 48 L. Ed. 437, 24 S. Ct. 291 (1904). The scope of the patent monopoly is a question of law, the nature and operation of the accused subject matter is a question of fact. In this case the nature and operation of Ore-Ida's Box Cutter as found by the District Court is not in dispute. The Court of Appeals reversed the holding of infringement on the basis of its determination of the scope of the patent as applied to the facts found by the District Court.

Petitioner's counsel, in the District Court, drew precisely this distinction between the questions of law and fact involved in infringement. Amfac's expert, on cross-examination, was asked: ". . . you did render opinions with respect to the scope of the claims and their alleged infringement, did you not?" At this point, Amfac's counsel objected to the question:

MR. TAYLOR: Your Honor, I object to that because the scope of the claim is a matter of law, and this witness did not give any opinion as to the scope of the patent or to the infringement in quotes.

What the witness testified to was that in his opinion each of the items recited in the claims was found in the Ore-Ida apparatus. That's not a question of scope of the claims. (Record of Trial Testimony, 243-7)

* * *

THE COURT: Is it your viewpoint that testifying that a procedure is within the claim is not testifying to some degree as to the scope of the claim?

MR. TAYLOR: It's certainly testimony going to the infringement of the claim. Maybe I'm getting too technical here, but the law is that the scope of the claim is a matter for the court to decide as a matter of law, and whether or not the claim is infringed; that is, do those things in the claim find their presence also in the accused thing as a matter of fact, and I am objecting to the idea of the scope of the claims, which is not the opinion that he gave.

Certainly his opinion goes to infringement.

THE COURT: I have not tried very many patent cases. I think that's obvious to counsel.

Would you discuss with me a little bit what your understanding of the scope of the claim means?

MR. TAYLOR: Yes, Your Honor. The scope of the claim means the legal metes and bounds of the claims as interpreted as a matter of law, and whether or not that scope as interpreted by the court as a matter of law is sufficient to cover the infringing device is a matter of fact, that infringement is a matter of fact.

> There is a subtle but real difference between the legal concept of the scope of the claim which may be restricted by extraneous matters and the infringement of the claim or the presence of the elements recited in the accused structure which is a matter of fact as to which this witness gave testimony."

The analysis rendered by petitioner's counsel at the trial is correct: the scope of the patent in determining infringement is a legal question.[4]

Petitioner argues that, in the Court of Appeal's decision:

> ". . . there was no suggestion that the district judge used the wrong legal standard and no suggestion that the district judge's findings on the issue of infringement were unreasonable as a matter of law . . ."

This statement is simply wrong. While the District Court did not define the scope of the patents, its conclusions implied a scope broad enough to cover Ore-Ida's Box Cutter. The Court of Appeals clearly rejected that scope as being beyond that permitted by the patent. The Court of Appeals, at the outset of its opinion, defined the basis of its review, namely, that it would determine the scope of the patent, a legal question, and, since the facts are not in dispute, apply its determination to the District Court's findings of fact. (Petition 1a-2a). The Court of Appeals reviewed the legal tests relating to infringement of combination patents. The Court determined the scope of the claims based upon its review of the patent itself. (Petition 2a-3a). The Court compared the Ore-Ida Box Cutter, as found by the District Court, with the claims.

4. Judge Callister found equivalence only as a conclusion of law. (Petition 19a)

The Court finally reiterated that its determination was made as a matter of law:

> . . . the question of the scope of the claims is a question of law, and infringement in this case is also a question of law because the facts are not in dispute. (Petition 4a).

That position conforms to the decisions of this Court and is consistent with the requirements of Rule 52(a).

Because the District Court erred as to a question of law, and the facts were not in dispute, it was proper for the Court of Appeals to make the proper determination on the basis of the facts found by the District Court. *Sanitary Refrigerator Company v. Winters, supra; United States v. Line Material Co.*, 333 U. S. 287, 306, 92 L. Ed. 701, 68 S. Ct. 550 (1948); *United States v. DuPont & Co.*, 353 U. S. 586, 598, 1 L. Ed. 2d 1057, 77 S. Ct. 872 (1957); *United States v. Singer Mfg. Co.*, 374 U. S. 174, 193, 10 L. Ed. 2d 823, 83 S. Ct. 1773 (1963); *United States v. General Motors Corp.*, 384 U. S. 127, 141-142, n. 16, 16 L. Ed. 2d 415, 86 S. Ct. 1321 (1966).

II. There Is Neither Conflict Nor Confusion Among the Circuits Requiring Review by This Court of the Questions Raised by the Petition

Petitioner urges the Court to grant certiorari, apart from the merits of the present case, in order to eliminate conflicts among the circuits over the scope of review of patent infringement. Assuming, *arguendo*, that there are such conflicts, the Congress has acted to resolve them without adding to the burden of review in this Court by creating the Court of Appeals for the Federal Circuit. As the Deputy Attorney General said, representing the Executive Branch at the special inaugural session of the court, it "reflects an imaginative structural reform de-

signed to eliminate circuit conflicts over patent laws."[5] Such conflicts as had existed among the circuits in the past relating to patent cases will now be resolved in the new Court of Appeals and will come to this Court with the "valuable assistance" of that Court of Appeals. See *Tidewater Oil Co. v. United States*, 409 U. S. 151, 169, 34 L. Ed. 2d 375, 93 S. Ct. 408 (1972).

The petition asserts but fails to demonstrate that the question it presents is "a problem which has continued to perplex the lower courts." (Petition 10). Instead the petition refers to cases and authors dealing with the questions of patent *validity* and the likelihood of confusion in *trademark* cases. The question of patent validity that had produced difficulty was the nebulous concept of "invention". That was considerably stabilized by the 1952 Patent Act and the Court's decision in *Graham v. John Deere, Co.*, 383 U. S. 1, 15 L. Ed. 2d 545, 86 S. Ct. 684 (1966), defining the factual inquiries to be made before the legal determination of patentability.[6] It is therefore perhaps not coincidental that the cases listed in the footnote to *Moores Federal Practice*, cited by petitioner (Petition p. 10, n. 15), are no more recent than 1960 and that the 1981-1982 supplement to that footnote adds no new cases.

Petitioner argues that "confusion" among the courts of appeals has resulted in an "ever-widening" scope of

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5. Reported at 24 BNA's Patent, Trademark & Copyright Journal, 571, October 7, 1982.

6. In finding the Amfac patents valid in this case, Judge Callister made no findings relating to the level of skill in the art or the scope and content of the prior art. The findings simply list the patents cited by the Patent Office and the claims of the patents in issue, concluding that the presumption of validity has not been overcome and the patents are not invalid for obviousness.

review in patent litigation (Petition p. 11). There has been no confusion and no ever-widening scope of review. The courts of appeals have consistently followed the historic authority of the *Sanitary Refrigerator* and *Singer* cases, *supra*, as did this Court in *Graver Tank*.

It has always been recognized, as Amfac's counsel explained to the District Court in this case (p. 10-11, *supra*), that the determination of the scope of the patent for infringement is a question of law. *Doble Engineering Co. v. Leeds & Northrup Co.*, 134 F. 2d 78 (1st Cir. 1943); *Brothers v. Lidgewood Mfg. Co.*, 223 F. 359 (2nd Cir. 1915); *Methode Electronics, Inc. v. Elco Corp.*, 385 F. 2d 138 (3rd Cir. 1967); *Technitrol, Inc. v. Control Data Corporation*, 550 F.2d 992 (4th Cir. 1977), cert. denied, 434 U. S. 822, 54 L. Ed. 2d 79, 98 S. Ct. 65 (1977); *Ebeling v. Pak-Mor Mfg. Co.*, 683 F. 2d 909 (5th Cir. 1982); *Cold Metal Process Company v. E. W. Bliss Company*, 285 F. 2d 331 (6th Cir. 1960), *cert. denied*, 366 U. S. 911, 6 L. Ed. 2d 235, 81 S. Ct. 1085 (1961); *Super Products Corporation v. D P Way Corporation*, 546 F. 2d 748 (7th Cir. 1976); *Solomon v. Renstrom*, 150 F. 2d 805 (8th Cir. 1945); *Del Francia v. Stanthony Corporation*, 278 F. 2d 745 (9th Cir. 1960); 4 *Deller's Walker on Patents* §230.

It has also always been recognized that, where the facts of infringement are not in dispute, the issue of infringement may be resolved as a matter of law. *Hanovia Chemical & Mfg. Co. v. David Buttrick Co.*, 127 F. 2d 888 (1st Cir. 1942); *Prepayment Car Sales Co. v. Orange County Traction Co.*, 221 F. 939 (2nd Cir. 1915), cert. denied, 238 U. S. 626, 59 L. Ed. 1495, 35 S. Ct. 664 (1915); *Plax Corporation v. Precision Extruders, Inc. et al.*, 239 F. 2d 792 (3rd Cir. 1957); *Smith et al. v. General Foundry Machine Company, Incorporated, et al.*, 174 F. 2d 147 (4th Cir. 1949), cert. denied, 338 U. S. 869, 94

L. Ed. 533, 70 S. Ct. 144 (1949); *Ziegler v. Phillips Petroleum Company*, 483 F. 2d 858 (5th Cir. 1973), cert. denied, 414 U. S. 1079, 38 L. Ed. 2d 485, 94 S. Ct. 597 (1973); *Hurin v. Electric Vacuum Cleaner Co., Inc.*, 298 F. 76 (6th Cir. 1924); *Acme Highway Products Corporation v. D. S. Brown Company*, 473 F. 2d 849 (6th Cir. 1973), cert. denied, 414 U. S. 824, 38 L. Ed. 2d 57, 94 S. Ct. 125 (1973); *Copease Manufacturing Co., Inc. v. American Photocopy Equipment Co.*, 298 F. 2d 772 (7th Cir. 1961); *Young v. Ralston-Purina Company*, 88 F. 2d 97 (8th Cir. 1937); *Del Francia v. Stanthony Corporation, supra; Rothe v. Ford Motor Company*, 253 F. 2d 353 (D. C. 1958).

As demonstrated in the cases cited above, in virtually every circuit, before and after *Graver Tank*, the courts of appeals have drawn the same distinctions this Court has drawn relating to the review of patent infringement. As this Court pointed out in *Pullman-Standard v. Swint, supra*, at n. 80, n. 19 and 82, there is support in the Court's decision for independent review of mixed questions of fact and law and of decisions based on erroneous premises where the facts are readily ascertainable.

The Court of Appeals for the Ninth Circuit acted properly in this case in reversing the holding of infringement upon determining that the District Court had erred as to the scope of the patents since the facts necessary to reach that result, as found by the District Court, were not in dispute.

CONCLUSION

In this case the Court of Appeals has acted within the constraints of Rule 52(a), accepting the District Court's undisputed findings of fact as to the nature and operation of the accused subject matter. The Court of Appeals determined the scope of the patent, properly, as a matter of law, and applied it to the District Court's findings of fact.

The case does not, therefore, present the question of whether Rule 52(a) applies to the review of patent infringement. It is a case in which the Court of Appeals has addressed the mixed questions of law and fact involved in infringement and has properly acted upon its determination of the legal questions applied to the undisputed facts.

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APPENDIX A

List of Affiliates of Respondent

Ore-Ida Foods, Inc., respondent, is a wholly-owned subsidiary of H.J. Heinz Company. Respondent has two wholly-owned subsidiaries.

The following is a list of less than wholly-owned subsidiaries, partnerships or joint ventures, in which H.J. Heinz Company or one of its wholly-owned subsidiaries has an interest:

Heinz-Erin, Ltd.
Country Kitchens Foods, Ltd.
Weight Watchers Switzerland S.A.
W.W. Foods (Europe) Ltd.
Caribbean Restaurants, Inc.
Tahiti Tuna Ventures, S.A.
The Penn Central Corporation
Tri-Arrow Transportation Company Limited
Venatun, S.A.
Yugo American, Inc.
Zadar Fishing Company Ltd.
Zagreb Fishing Company Ltd.
Zeta Fishing Company, Ltd.
Ocean Fishing Gear, Inc.
Pacific King, Inc.
Pantry Pride, Inc.
Pioneer Food Cannery Limited
Pioneer Tuna Fishing Company Limited
Pisces Fishing Company, Inc.
Producton Alimenticios Del Mar, S.A.
Red Star Fisheries Limited
Refrigerated Express Service, Ltd.
R.P. Fishing Company, Inc.

San Simon Fishing Company, Inc.
Scorpio I Fishing Company, Inc.
Societe des Frigorifiques du Sanegal (SOFRIGAL)
Societe des Tahitienne de Pecha (SOTAP)
Anchor Fishing Company, Ltd.
Anthony M. Partnership
Apollo Enterprises Company
Christina C. Partnership, Ltd.
Conqueror Partnership, Ltd.
Conquistador Partnership, Ltd.
Deborah Ann Partnership
Laura Ann Partnership
Liberator Fishing Company
Madelyn Partnership, Ltd.
Mermaid Partnership
M/V Michelangelo
Pacific Princess Partnership, Ltd.
Paramount Limited Partnership
Ronnie M. Partnership
M/V Santa Anita
Sea Hawk Partnership, Ltd.
Sea Wolf Partnership, Ltd.
Southern Explorer Partnership
Captain Manuel J. Souza Partnership
Titaiwoana Partnership, Ltd.
M/V Western Fisher
Claudia B. Fishing Company, Inc.
Compagnie Bretonne de Cargos Frigoritiques (COBRICAF)
Compania Naviera Aztec, S.A.
Compania Pasquera Estrella del Peru, S.A. (COPES)
Delta Fishing Company, Inc.
DMI Furniture, Inc.
Don Juan Fishing Company, Inc.
Entrepots et Transporta Frigerifiquse Polyneziens

Epsilon Fishing Company, Inc.
Eta Fishing Company, Inc.
Fishermens Club of Samoa, Inc.
Frontier Fishing Corporation
Ghana Tuna Fishing Development Co., Ltd.
Goldimex, S.A., de C.V.
International Squid Development Co., Ltd.
Interocann Equipment Corporation
Korea Fisheries, S.A.
Albacore Navigation, S.A.
Albairigo Navigation Co., S.A.
Alpha Fishing Company, Inc.
Apollo Venture, Inc.
Aztec Shipping Company, Inc.
Calafia Shipping Company Limited
Canners Steam Co., Inc.
C & F Fishing, Ltd.
China Marine Overseas, S.A. (CMO)

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No. 82-412

IN THE

Supreme Court of the United States

OCTOBER TERM, 1982

AMFAC FOODS, INC.,

Petitioner,

v.

ORE-IDA FOODS, INC.,

Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit

REPLY BRIEF FOR THE PETITIONER

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TABLE OF CONTENTS

	Page
TABLE OF AUTHORITIES	ii
REPLY BRIEF FOR THE PETITIONER	1
A. Although the scope of the patent is a legal issue, the question of equivalence is a factual issue	1
B. Fed. R. Civ. P. 52(a) applies to a finding of equivalence, even when such a finding is inferred from facts the court of appeals asserts are undisputed	3
C. Despite respondent's suggestion that equivalence is a mixed question of fact and law, this Court has established that, for purposes of appellate review, the issue is factual	4
D. Equivalence is not an "ultimate" fact which an appellate court can review free of the clearly erroneous standard of Fed. R. Civ. P. 52(a)	5
CONCLUSION	6

TABLE OF AUTHORITIES

Page

CASES:

Coupe v. Royer, 155 U.S. 565 3

Graver Tank & Mfg. Co. v. Linde Air Products Co., 339 U.S. 605 1,4,5

Hanovia Chemical & Mfg. Co. v. David Buttrick Co., 127 F.2d 888 (1st Cir. 1942) 4

Olympic Fastening Systems, Inc. v. Textron, Inc., 504 F.2d 609 (6th Cir. 1974), *cert. denied*, 420 U.S. 1004 3

Pullman-Standard v. Swint, 102 S. Ct. 1781 4,5

Sanitary Refrigerator Co. v. Winters, 280 U.S. 30 4

Singer Manufacturing Co. v. Cramer, 192 U.S. 265 3

Studiengesellschaft Kohle v. Eastman Kodak Co., 616 F.2d 1315 (5th Cir. 1980), *cert. denied*, 449 U.S. 1014 2

United States v. Singer Mfg. Co., 374 U.S. 174 4

United States v. United States Gypsum Co., 333 U.S. 364 4

RULE:

Fed. R. Civ. P. 52(a) 2,3,4, 5,6

OTHER AUTHORITIES:

Fed. R. Civ. P. 52 advisory committee note 4

9 C. Wright & A. Miller, *Federal Practice and Procedure* (1971) 4

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REPLY BRIEF FOR THE PETITIONER

A. Although the scope of the patent is a legal issue, the question of equivalence is a factual issue.

This Court has unequivocally held that "[a] finding of equivalence is a determination of fact." *Graver Tank & Mfg. Co. v. Linde Air Products Co.*, 339 U.S. 605, 609. For the most part, respondent's brief ignores this question, and the import of this Court's decision in *Graver Tank*.

Respondent seeks to divert attention from this basic question by emphasizing that construing the scope of the patent is a question of law. Respondent states that the decision below reversing the district court's finding of infringement was "based on the legal question of the scope of the patent." (Br. in Opp. i.) But, the court of appeals did not simply interpret the scope

of the patents in suit; it also disagreed with the trial judge's finding on the issue of equivalency.[1]

In discussing the applicable law, the court stated the test which it would apply in resolving the question of infringement: "infringement will be found only when the accused device performs substantially the same function in substantially the same way to obtain substantially the same result as the patented device or its equivalents." (Pet. App. 2a; citation omitted.) Then, the court of appeals made a claim-by-claim analysis and expressly made findings which were recognized as findings regarding infringement, not claim scope. The court, in referring to the method claims, stated that the Box Cutter "does not produce substantially the same result through substantially the same means as does the Amfac device." (Pet. App. 3a.) In referring to apparatus claim No. 8, the court said that the guide plates of the Ore-Ida device "may perform substantially the same function," but then said that "they do not do so by substantially the same means, nor do they produce substantially the same result." (Pet. App. 3a.) Lastly, when referring to the blades of the Ore-Ida device, the court below said that they did "not achieve substantially the same result as the Amfac blades." (Pet. App. 4a.) Thus, it is apparent that the court clearly and expressly undertook the task of providing findings on the question of infringement. The relevant inquiry here is whether, in reviewing the trial court's finding on the issue of infringement, a factual inquiry, the court of appeals was bound by the "clearly erroneous standard" of Fed. R. Civ. P. 52(a).

As the Fifth Circuit has recently summarized, it is standard doctrine that, "[a]fter the court has articulated the scope of the patent by construing it, the court must then explore the infringement issues." *Studiengesellschaft Kohle v. Eastman Kodak Co.*, 616 F. 2d 1315, 1324 (5th Cir. 1980), *cert. denied*, 449 U.S. 1014. Although the construction of the patent is a matter of law, the finding as to whether the accused machine is equivalent to the patented device, so defined, is a question of

[1] Contrary to respondent's suggestion (Br. in Opp. 6-7), there is no requirement that all equivalents be found in the specification of the patent in suit.

fact. *Olympic Fastening Systems, Inc. v. Textron, Inc.*, 504 F. 2d 609, 619 (6th Cir. 1974), *cert. denied*, 420 U.S. 1004.[2] Respondent's emphasis on the *legal* nature of the *scope* of the claims does not, therefore, answer the question presented by this petition—whether a court of appeals is bound by the "clearly erroneous standard" of Rule 52(a) in reviewing a finding of *equivalence.*

B. Fed. R. Civ. P. 52(a) applies to a finding of equivalence, even when such a finding is inferred from facts the court of appeals asserts are undisputed.

Respondent concedes, as it must, that this Court has held that equivalence is a *factual* issue, and that a trial judge's finding on the issue should not be disturbed on appeal in the absence of a determination that the trial judge's conclusion is clearly erroneous.[3] Respondent contends, however, for a variety of reasons, that appellate circumvention of this clearly established principle is nevertheless appropriate.

Respondent repeats the essence of the justification offered by the court of appeals for refusing to adhere to the clearly erroneous standard of Fed. R. Civ. P. 52(a), namely, the theory that when "the facts are not in dispute, the determination of equivalency and infringement is a question of law." (Br. in Opp. 9.) As stated in the petition (Pet. 7), this theory is inconsistent with Fed. R. Civ. P. 52(a) and the decisions of this Court. Fed. R. Civ. P. 52 (a) applies "*to all classes of findings*

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[2] In *Coupe v. Royer*, 155 U.S. 565, 579, this Court stated that, although it is the province of the court to define the patented invention, it is the province of the jury to decide the *factual* question of whether the invention, so defined, is infringed by the accused machine. To suggest that the court of appeals simply resolved the issue of the scope of the patent, a legal inquiry (as is consistent with representations made by Mr. Taylor at trial, see Br. in Opp. 10-11) is to ignore the step of using that legal determination in the factual inquiry of infringement, either by equivalents or otherwise. The final step of determining infringement cannot be ignored or overcome by any determination of patent scope. The court of appeals was required to review the trial court's finding of infringement, a factual determination.

[3] As with all factual findings, there may be instances in which the determination of equivalency can be made as a matter of law. For example, in *Singer Manufacturing Co. v. Cramer*, 192 U.S. 265, which is cited by the respondent, this Court found that the question of infringement was one of law. This was so, because the inference to be drawn from the undisputed facts was so clear that the defendant was entitled to a directed verdict. When conflicting inferences can reasonably be drawn, however, the initial determination must be left to the finder of fact.

in cases tried without a jury whether the finding is of a fact concerning which there was conflict of testimony, *or of a fact deduced or inferred from uncontradicted testimony.*" Fed. R. Civ. P. 52, advisory committee note (emphasis added); *see United States v. Singer Mfg. Co.*, 374 U.S. 174, 194 n.8; *United States v. United States Gypsum Co.*, 333 U.S. 364, 394. The characterization of a finding as factual—and *Graver Tank* established that a finding of equivalence is indeed a factual question—does not change when that finding is deduced or inferred from what the court of appeals asserts are undisputed facts.[4]

C. Despite respondent's suggestion that equivalence is a mixed question of fact and law, this Court has established that, for purposes of appellate review, the issue is factual.

Respondent also seems to try to justify the court of appeals' failure to adhere to the clearly erroneous standard of Rule 52(a) in reviewing a finding which this Court has characterized as one of fact by (1) claiming that the issue presented is a mixed question of fact and law, and (2) referring to this Court's recent statement that "[t]here is . . . support in decisions of this Court for the proposition that conclusions on mixed questions of law and fact are independently reviewable . . . ." *Pullman-Standard v. Swint*, 102 S. Ct. 1781, 1790 n.19. However, to assert that Rule 52 does not apply when the resolution of a lawsuit involves both legal and factual elements is to oversimplify the matter.[5]

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[4] Respondent's citation to *Sanitary Refrigerator Co. v. Winters*, 280 U.S. 30, does not compel a contrary conclusion. That case is not dispositive of the fact/law characterization because, there, this Court was reviewing conflicting decisions *from different circuits* on the infringement of the same patent, "when necessarily . . . [this Court] is called upon to 'consider independently the question as to which . . . [circuit's] decision[ ]. . . is based upon the sounder reasoning and is correct.' " *Hanovia Chemical & Mfg. Co. v. David Buttrick Co.*, 127 F. 2d 888, 889 n.3 (1st Cir. 1942) (quoting *Sanitary Regrigerator Co. v. Winters*, 280 U.S. 30, 36).

[5] "It is less clear that it is very helpful to say generally that mixed questions of law and fact are entirely outside the 'clearly erroneous' rule. In a long line of cases courts have held that that rule limited review of matters that certainly seem to contain both legal and factual elements." 9 C. Wright & A. Miller, *Federal Practice and Procedure* § 2589 at 756 (1971).

Even though, as an abstract proposition, it may be a mistake to draw rigid distinctions between fact and law, the characterization of specific questions must be made in order to define the appropriate standard of appellate review, that is, the important question of the relative functions of the trial and the appellate courts. In this context, this Court has already resolved the characterization issue. "A finding of equivalence is a determination of fact," *Graver Tank & Mfg. Co., supra,* at 609, and, as a result, an appellate court is bound by the clearly erroneous standard of Rule 52(a) in reviewing a trial judge's finding on the issue.

D. Equivalence is not an "ultimate" fact which an appellate court can review free of the clearly erroneous standard of Fed. R. Civ. P. 52(a).

Respondent also seems to suggest that equivalence is an "ultimate" fact, and that Fed. R. Civ. P. 52(a) does not apply to appellate review of a trial court's finding on the issue. But, as this Court made clear in *Pullman-Standard v. Swint,* 102 S.Ct. 1781, 1789, "[Rule 52] does not divide facts into categories; in particular, it does not divide findings of fact into those that deal with 'ultimate' and those that deal with 'subsidiary' facts." For purposes of appellate review, the only division that needs to be made is between fact and law. And, although "Rule 52 does not furnish particular guidance with respect to distinguishing law from fact," *id.,* this Court has already decided the question with respect to the issue involved in this case.

CONCLUSION

In sum, respondent's brief either ignores the questions presented, or provides explanations for the court of appeals' free review of the trial judge's finding of equivalency which are inconsistent with Fed. R. Civ. P. 52(a) and the decisions of this Court. The decision below raises an important and recurring problem concerning the scope of appellate review in patent infringement cases.

The petition for a writ of certiorari should be granted.

Respectfully submitted,

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